for a greener tomorrow

ANNUAL REPORT 2013

For the year ended March 31, 2013

MITSUBISHI ELECTRIC

Changes for the Better

Contents

Aiming to become a global, leading green company, enriching society with technology.

Looking ahead to our 100th anniversary in 2021, our continued aim is to help enrich society.

By enriching society, we mean creating a "people-friendly" society that ensures safety, peace of mind, health and comfort for all, as well as a more "earth-friendly" society that recycles and uses resources efficiently.

We at the Mitsubishi Electric Group provide a wide spectrum of products and services, ranging from semiconductors to large-scale systems, with applications for homes, offices, factories, social infrastructure and even space systems.

As we strive to become a global, leading green company that enriches society with technology, we will increase cross-cooperation within the Group while providing advanced technologies and engaging in a wide array of business pursuits.

For the earth and for the future—the Mitsubishi Electric Group will continue to make steady steps toward achieving this goal.

Changes for the Better

To Our Shareholders

Economic conditions throughout the fiscal year ended March 31, 2013 (hereafter, fiscal 2013) remained harsh. Despite a weakening in the value of the yen from the third quarter and firm trends in the economies of the United States and developing countries, this difficult operating environment was largely attributable to business stagnation in Europe, slower economic growth in China, and a delay in the anticipated recovery of Japan's economy.

Under these circumstances, the Mitsubishi Electric Group placed greater emphasis than ever before on promoting growth strategies rooted in its competitive advantages as well as on efforts to boost its competitiveness and strengthen its management structure.

Reflecting the harsh operating environment, the Mitsubishi Electric Group recorded consolidated net sales of ¥3,567.2 billion in the fiscal year ended March 31, 2013, a decrease of 2% compared with the previous fiscal year. Operating income declined 33% year on year to ¥152.1 billion, for a Group operating income ratio of 4.3%. Meanwhile, net income fell 38% to ¥69.5 billion. Based on results for the fiscal year under review, we will redouble our efforts to implement existing initiatives with the aim of achieving the standing management targets for operating income ratio, return on equity (ROE), and interest-bearing debt to total assets of above 5%, above 10%, and below 15%, respectively.

The Mitsubishi Electric Group is taking steps to strengthen its initiatives in growing market fields. To that end, we are engaging in growth strategies that include: promoting environment-related business strategies; expanding business activities in China, India and other emerging economies; bolstering the social infrastructure systems business; and developing the solutions business by combining a wide array of technologies with expertise gained in the security business and other fields.

To facilitate new growth, we aim to enhance corporate value by promoting robust growth strategies based on renewed and meticulous efforts to bolster operations in the area of Soundness—one of the three key viewpoints of Balanced Corporate Management—with particular consideration given to corporate ethics and compliance. The promotion of such growth strategies is also underpinned by a management foundation realigned to be even stronger.

As we stride forward resolutely to achieve our goals, we ask for your continued support and understanding.

July 2013

President & CEO

K Yamanishi

Kenichiro Yamanishi

Financial Highlights

Performance for the year ended March 31, 2013

Years ended March 31	2013	2012	2011	2013
			Yen (millions)	U.S. dollars (thousands)
Net sales	¥3,567,184	¥3,639,468	¥3,645,331	$37,948,766
Operating income[2]	152,095	225,444	233,761	1,618,032
Net income attributable to Mitsubishi Electric Corp.	69,517	112,063	124,525	739,543
Total assets	3,410,410	3,391,651	3,332,679	36,280,957
Interest-bearing debt	540,572	542,291	484,352	5,750,765
Mitsubishi Electric Corp. shareholders' equity	1,300,070	1,132,465	1,050,340	13,830,532
Capital expenditures	150,425	159,346	107,638	1,600,266
R&D expenditures	172,222	169,686	151,779	1,832,149
			Yen	U.S. dollars
Per-Share Amounts				
Net income attributable to Mitsubishi Electric Corp.				
Basic	¥32.38	¥52.20	¥58.00	$0.344
Diluted[3]	—	—	—	—
Cash dividends declared	11	12	12	0.117
			%	
Statistical Information				
Operating income ratio	4.3%	6.2%	6.4%	—
Return on equity (ROE)	5.7	10.3	12.4	—
Interest-bearing debt to total assets	15.9	16.0	14.5	—

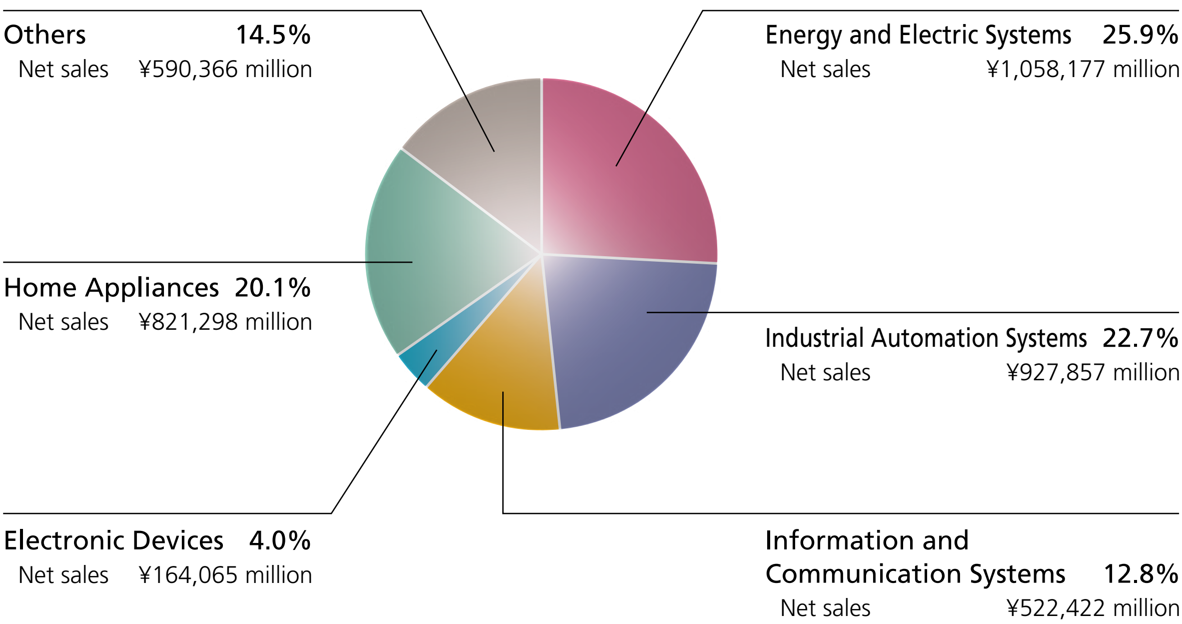
See accompanying notes to consolidated financial statements.

1 The Company prepares consolidated financial statements with procedures, accounting terms, forms, and preparation that are in conformity with accounting principles generally accepted in the United States of America based on the rules and regulations applicable in Japan.

2 Operating income is presented as net sales less cost of sales, selling, general, administrative and R&D expenses, and loss on impairment of long-lived assets.

3 Diluted net income per share attributable to Mitsubishi Electric Corp. is not included in the above figure as no dilutive securities existed.

Net Sales Breakdown by Business Segment

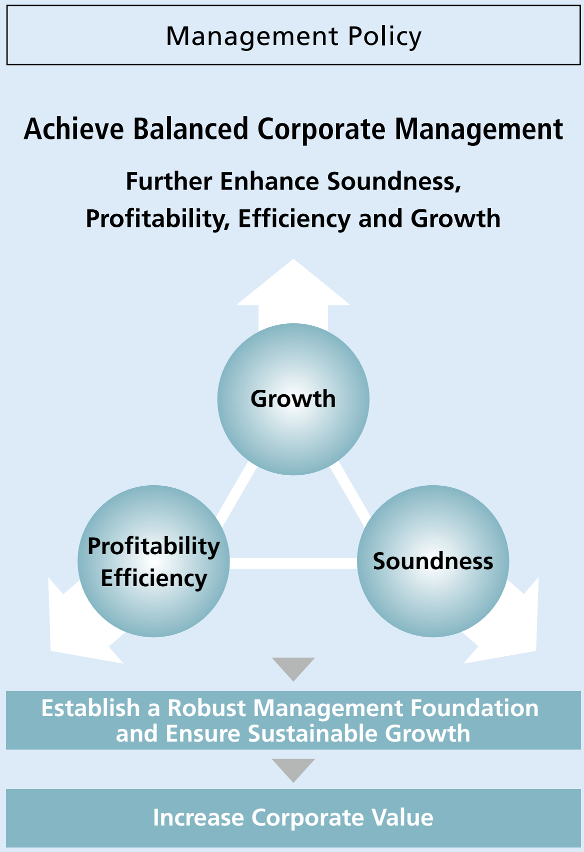


"Changes for the Better," our corporate statement, encapsulates all that we stand for and aspire to—a brighter future for society, industry and everyday life through innovation.

Supporting this commitment to innovation and sustainable operations is a solid management structure backed by balanced management initiatives that stem from three key viewpoints: Growth; Profitability and Efficiency; and Soundness.

In terms of its corporate social responsibility (CSR) initiatives, the entire Mitsubishi Electric Group is steered by its Corporate Mission and Seven Guiding Principles. Putting particular emphasis on compliance with applicable laws and high ethical standards, we are committed to strengthening internal controls to ensure legal compliance Group-wide, as well as thoroughly implementing education and training. In addition, we continue to work diligently to protect the environment. Among a host of initiatives, we are striving to create a low-carbon, recycling-based society as part of our Environmental Vision 2021 program.

To ensure that we continue to meet the expectations of shareholders, we have undertaken reforms that are guiding our ongoing evolution into a network of highly competitive, electric-electronic businesses while leveraging synergies to further enhance corporate value.



Framework for Implementing Balance Corporate Management

The Mitsubishi Electric Group undertakes management operations based on its Front-line Priority framework in the two areas of customer contact and production. In the first front-line area of customer contact, the Group enhances its competitiveness in sales and services. In the latter front-line area of production, the objective of the Front-line Priority works to bolster the Group's "manufacturing craftsmanship" in the areas of quality, costs, production engineering technologies, research and development, and intellectual property (IP). In addition, the Group is pursuing its policy of intensifying cross-business collaboration by strengthening four integration synergies —(1) between production and sales divisions, (2) between business segments, (3) between business segments and corporate divisions, and (4) globally, between parent factories in Japan and overseas facilities—as well as by harmonizing business, product and regional strategies.

Through the two aspects of the Front-line Priority framework and the four integration synergies, the Group is implementing Balanced Corporate Management that involves promoting growth strategies, strengthening its management foundation, improving its financial standing and undertaking CSR-related and corporate governance-related initiatives.

Pursuing Ever Higher Growth

Guided by its overarching policy of Balanced Corporate Management, and with regard to management targets, which must be continuously and stably achieved for operating income ratio, return on equity (ROE) and ratio of interest-bearing debt to total assets (above 5%, above 10% and below 15%, respectively), the Mitsubishi Electric Group will aim to become a global, leading green company, enriching society with technology. With this in mind, the Group will strengthen its growth strategies in each business in order to pursue ever higher growth from three viewpoints: the environment and energy; social infrastructure systems; and global business development.

In fiscal 2013, the Mitsubishi Electric Group positioned creation of strong businesses, recuperation of net sales above ¥4.0 trillion, and an overseas sales ratio of 40% at the heart of its business activities. This directive encapsulates the Group's renewed commitment to accelerating measures aimed at promoting growth strategies. Moving forward, we will pay particular attention to overcoming individual issues in global markets.

Three Management Targets to be Continuously and Stably Achieved

Operating income ratio	5 % or more
ROE	10 % or more
Ratio of interest-bearing debt to total assets	15 % or less

Basic Growth Strategies

The Mitsubishi Electric Group's basic growth strategies comprise the VI Strategy,[1] which aims to make strong businesses stronger, and the AD Strategy,[2] which is designed to reinforce solutions businesses centered on strong businesses. In promoting the VI Strategy, the Mitsubishi Electric Group is working to bolster the competitiveness of its products by drawing on technological synergies and to create new strong businesses

From an AD Strategy perspective, the Group is harnessing its portfolio of strong businesses and accumulated experience to expand its business domain. To this end, the Mitsubishi Electric Group is employing IT to further boost the strengths of individual equipment and businesses and further promoting collaboration both within and outside the Group.

1 "VI" derives from "VICTORY"
2 "AD" derives from ADVANCE"

Strengthening Global Strategies

As part of its efforts to fortify its business system to make strong businesses stronger globally, the Mitsubishi Electric Group continues to invest capital in existing business bases in Japan and overseas, for example, by constructing a new plant for railway ground systems in Japan, building a business base for air-conditioning systems operations and opening a plant for rolling stock air-conditioning systems in the United States. In addition, the Group is not only establishing manufacturing companies—including in such fields as factory automation systems in China as well as automotive equipment in China and Mexico—to serve rapidly growing markets, it is also setting up sales companies to tap into new markets in Brazil, Indonesia and Turkey while carrying out acquisitions to create synergies and expand its businesses. For example, in March 2013 the Group acquired the factory automation systems business of a Turkish local distributor GTS*.

*GENEL TEKNİK SİSTEMLER SANAYİ ve TİCARET ANONİM ŞİRKETİ

Promoting Global Business Strategies

Regarding the businesses within the Group that possess noteworthy global growth potential, namely power systems, transportation systems, building systems, factory automation systems, automotive equipment, space systems, power devices, air conditioning systems and other businesses, the Mitsubishi Electric Group will expand such businesses to be a driving force of Group-wide performance. This will be accomplished by implementing and augmenting global business promotion systems, while reinforcing market strategies in priority markets. Through such actions, the Group is contributing to the improvement of corporate value.

Bolstering Regional Strategies with Priority on Asia

The Mitsubishi Electric Group will bolster cross-business regional strategies with priority on Asia in response to newly emerging markets, which are anticipated to experience high growth rates. In the Chinese market, in which it has already established numerous businesses and built a solid foundation, the Group will apply its combined strength to the further expansion of its operations by strengthening collaborative links between its operating bases as well as its businesses. The Group will also take steps to augment partnerships with leading business groups in China. In India, where the time is ripe for full-scale business expansion, the Group will tap into growing markets by leveraging strong global businesses, particularly within the Energy and Electric Systems and Industrial Automation Systems business segments.

Furthermore, the Mitsubishi Electric Group will strengthen its competitiveness in Thailand by reinforcing capabilities in relation to that country's position as an important global manufacturing base for the Group, in addition to carrying out business expansion in line with Thailand's needs as a growth market. To secure increased growth, the Mitsubishi Electric Group will expand its business development activities in a number of countries, including Brazil, Indonesia, Mexico and Turkey, while taking steps to enter as yet untapped regions. At the same time, the Group will place considerable weight on expanding its business domains and product fields in regions in which it already has operations.

Strengthening Our Management Foundation

The Mitsubishi Electric Group consistently promotes Group-wide operational improvement measures, taking active steps to further solidify its operational structure.

To this end, we constantly strive to reinforce the "manufacturing craftsmanship" that is integral to our foundations as a manufacturer. In order to achieve this objective, we are always looking to enhance productivity and quality, to promote prioritized development rooted in growth strategies, to strengthen our R&D capabilities and the development of IP activities by promoting such initiatives as the development of key components, and to improve material procurement by bolstering value engineering (VE) and other activities. Furthermore, we are working to improve our financial standing through measures that include inventory reduction and striving to allocate human resources effectively, underpinned by the aim to make strong businesses stronger.

The Mitsubishi Electric Group will continuously and resolutely promote these initiatives and make every effort to strengthen quality, cost efficiencies, production technology capabilities, development capabilities, IP activities, and sales and services, with the goal of further boosting profitability.

Improving Our Financial Standing

As of March 31, 2013, total interest-bearing debt, including bonds, stood at ¥540.6 billion for a ratio of interest-bearing debt to total assets of 15.9%.

The Mitsubishi Electric Group is implementing thorough structural reforms to increase the competitiveness and earnings of all Group businesses. To raise overall profitability, we are striving to boost competitiveness in the areas of quality, costs, production technology capabilities, development capabilities, IP, marketing and services. In addition, in order to streamline asset turnover and the efficiency of funding operations, we are reducing inventories, primarily through "just in time" activities, while expanding our global cash management system. These initiatives are aimed at generating stable cash flow.

With accumulated cash flow, we are taking a balanced approach to invest in growth areas, provide returns to shareholders and reduce interest-bearing debt.

Striving for Constant Improvement

Based on its Balanced Corporate Management policy, the Mitsubishi Electric Group is steadily implementing the aforementioned management strategies, which are designed to enhance the formidable competitiveness of its individual businesses.

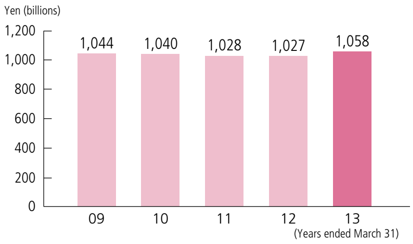
At the same time, we continue to implement reforms intended to guide our ongoing evolution into highly competitive, electric-electronic businesses while leveraging synergies to further enhance corporate value and ensure sustainable growth.

To accomplish these goals, it is increasingly important that we strive for constant improvement, which puts into practice the spirit that is embodied in our corporate statement, "Changes for the Better." The Mitsubishi Electric Group will continue to change in order to create new value. We are confident these efforts will yield even greater corporate value in the future.

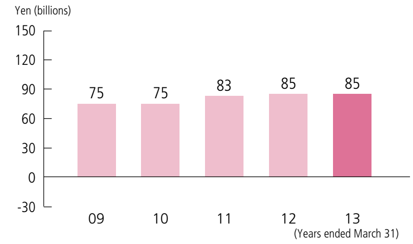
At a Glance

Energy and Electric Systems

Net sales



Operating income

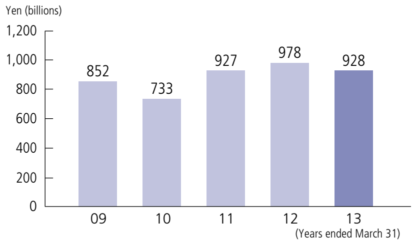


MAIN PRODUCTS AND BUSINESS LINES

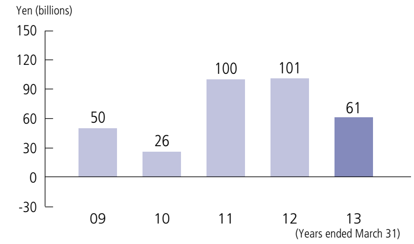
Turbine generators, hydraulic turbine generators, nuclear power plant equipment, motors, transformers, power electronics equipment, circuit breakers, gas insulated switches, switch control devices, surveillance system control and security systems, large display devices, electrical equipment for locomotives and rolling stock, elevators, escalators, building security systems, building management systems, particle beam treatment systems, and others

Industrial Automation Systems

Net sales



Operating income

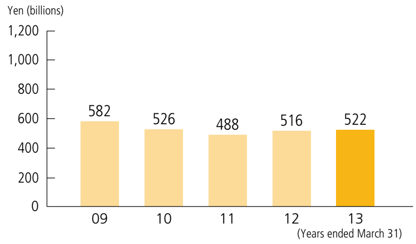


MAIN PRODUCTS AND BUSINESS LINES

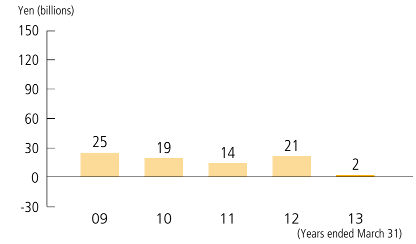
Programmable logic controllers, inverters, servomotors, human-machine interface, motors, hoists, magnetic switches, no-fuse circuit breakers, short circuit breakers, transformers for electricity distribution, time and power meters, uninterruptible power supply, industrial fans, computerized numerical controllers, electrical discharge machines, laser processing machines, industrial robots, clutches, automotive electrical equipment, car electronics and car mechatronics, car multimedia, and others

Information and Communication Systems

Net sales



Operating income



MAIN PRODUCTS AND BUSINESS LINES

Wireless and wired communications systems, surveillance cameras, satellite communications equipment, satellites, radar equipment, antennas, missile systems, fire control systems, broadcasting equipment, data transmission devices, network security systems, information systems equipment, systems integration, and others

■ Fiscal 2013 Overview

2012

May

- Commenced demonstration experiments at Ofuna Smart House using the industry's first PV/EV-linked home energy management system (HEMS), which provides optimal control of all electrical appliances
- Chosen by Volvo Car Corporation as a partner in the strategic development of next-generation automotive infotainment systems
- Received a full turnkey order for Static VAR Compensator (SVC) systems from Dubai Electricity & Water Authority (DEWA)


Ofuna Smart House

June

- Resumed production of security systems at a new facility within the Communication Network Center's Koriyama Factory
- Delivered a digital signage system to Narita International Airport Corporation
- Delivered an electric power supply system to East Japan Railway Company for installation at Hiraizumi Station on the Tohoku Line


Production facility at the Koriyama Factory


Photovoltaic power generation (Hiraizumi Station)

July

- Established Mitsubishi Electric Korea Co., Ltd. in Korea
- Established MELCO CNC do Brasil Comércio e Serviços S.A., a new FA systems company, to strengthen the Group's computerized numerical controller (CNC) business in Brazil


Mitsubishi Electric Korea Co., Ltd.

August

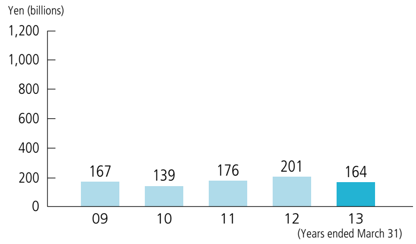
- Received consecutive orders for the installation of high-speed elevators in Chengdu, China
- Launched "Smart Quality" in Japan as a new total concept for the Home Appliances business
- Established Mitsubishi Elevator ETA India Private Limited to sell, manufacture, install, and provide maintenance for elevators and escalators in India

September

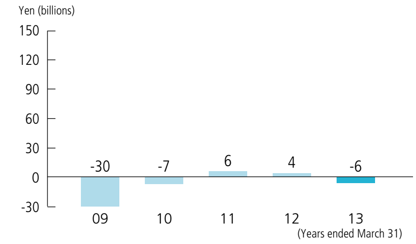
- Established the comprehensive sales company Mitsubishi Electric do Brasil Comércio e Serviços Ltda. in Brazil

Electronic Devices

Net sales



Operating income (loss)

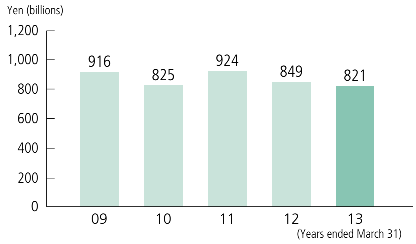


MAIN PRODUCTS AND BUSINESS LINES

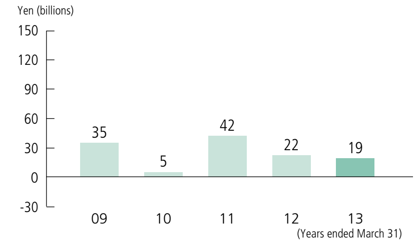
Power modules, high-frequency devices, optical devices, LCD devices, microcomputers, system LSIs, and others

Home Appliances

Net sales



Operating income

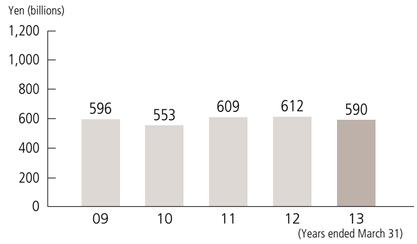


MAIN PRODUCTS AND BUSINESS LINES

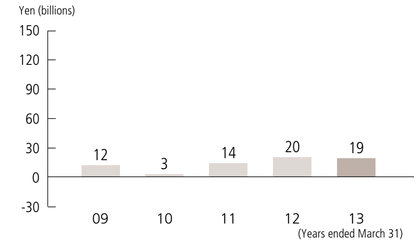
LCD televisions, projection TVs, display monitors, projectors, Blu-ray disc recorders, room air conditioners, package air conditioners, air-to-water heat pump boilers, refrigerators, electric fans, ventilators, photovoltaic systems, hot water supply systems, LED lamps, fluorescent lamps, indoor lighting, compressors, chillers, dehumidifiers, air purifiers, showcases, cleaners, jar rice cookers, microwave ovens, IH cooking heaters, and others

Others

Net sales



Operating income



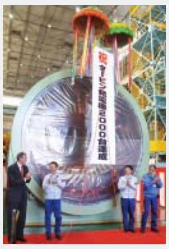
MAIN PRODUCTS AND BUSINESS LINES

Procurement, logistics, real estate, advertising, finance and other services

2013

October

- Commenced operations at a new railway ground systems factory at the Kobe Works
- Shipped milestone 2,000th turbine generator
- Established a new company in China to provide procurement, repair, and sales of service parts (maintenance and consumable parts) for Mitsubishi Electric's industrial automation machinery products including electrical discharge machines (EDMs) as a part of efforts to strengthen after-sales service capabilities



Turbine generator

November

- Established the comprehensive sales company PT. Mitsubishi Electric Indonesia in Indonesia

December

- Established Mitsubishi Electric Turkey A.Ş. in Turkey
- Developed new plastic-identification technology for recycling of post-consumer home appliances*

*Development in collaboration with Shimadzu Corporation
*Financially supported by the Ministry of Economy, Trade and Industry, Japan

Advanced plastic material separating system

February

- Developed 100-Gbps optical transmission technology that realizes 2.5 times the transmission speed of conventional inter-city optical networks

March

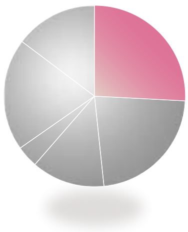
- Established Mitsubishi Electric Automotive de Mexico, S.A. de C.V. to manufacture and sell automotive equipment in Mexico
- Completed expansion of a satellite production facility at the Company's Kamakura Works
- Installed elevators and escalators to Ginza Kabukiza (Chuo-ku, Tokyo)

New satellite production facility

Ginza Kabukiza

Energy and Electric Systems

Net Sales Breakdown by Business Segment



Net Sales

¥1,058.2 billion

up 3% year on year

Operating Income

¥85.1 billion

up ¥0.2 billion year on year

The social infrastructure systems business saw a decrease in orders compared with the previous fiscal year due mainly to lower demand as reconstruction demand, which had surged in fiscal 2012 following the Great East Japan Earthquake, declined. Nevertheless, overall sales were virtually unchanged from the previous fiscal year largely due to an increase in power generation business activities worldwide.

The building systems business experienced increases in both orders and sales compared with the previous fiscal year, owing to growth in modernization-related demand for elevators and escalators in Japan as well as for new installations overseas, mainly in China.

As a result, total sales in the Energy and Electric Systems segment amounted to ¥1,058.2 billion, up 3% compared with the previous fiscal year. Operating income increased by ¥0.2 billion year on year to ¥85.1 billion mainly due to higher sales.

Next-generation SiC Inverter for Railcars

Mitsubishi Electric has developed a traction inverter for railcars that incorporates silicon carbide (SiC), a new type of semiconductor. This new inverter, with its energy-efficient, compact, lightweight, low-maintenance and low-noise design, is expected to play a major role in next-generation railcar propulsion systems.

Digital Signage System at Narita International Airport

Mitsubishi Electric has successfully installed Japan's largest digital signage system[1] at Narita International Airport. This system comprises 100 display units made up of a total 336 display panels, including a unit consisting of 27 46-inch LCD multi-display screens. As a part of efforts to ensure the presentation of information in an appropriate and timely manner, a wide range of content, including airport news and entertainment, is delivered according to the location of each display.

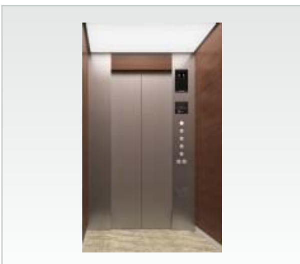
1. Based on Mitsubishi Electric research as of June 2012.

Southern Tohoku Proton Therapy Cancer Center Particle Beam Treatment System Proton Type

This cutting-edge system uses linear protons and heavy-particle beams to target the affected areas. Easier on patients, this treatment method is expected to help improve quality of life.

Power Plants

Mitsubishi Electric power plant installations are used both by power utility companies and by companies in various industries as in-house power generators. Owing to its accumulated expertise and leading technological capabilities, Mitsubishi Electric is able to provide optimal power plants in various power generation fields.



AXIEZ Machine-room-less Elevators

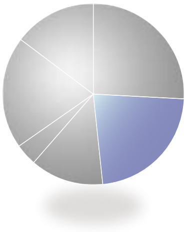
Along with enhanced energy-saving functions, including all-LED lighting, the AXIEZ's variable-speed control elevator system reduces waiting times thanks to advances in leading-edge speed adjustment technology. This technology has evolved into a super variable speed control system for improved convenience and operational efficiency. The AXIEZ also features an improved design.

Facima BA-System, an Open Integrated Management System for Building Facilities

The Facima BA-System centrally controls building facilities and equipment through open management integration that is compatible with facilities and equipment made by different manufacturers. Owing to its enhanced functions and support menu, ranging from energy-saving to efficient building management operations, the Facima BA-System offers a new style of building management.

Industrial Automation Systems

Net Sales Breakdown by Business Segment



22.7%

Net Sales

¥927.9billion

down 5% year on year

Operating Income

¥60.6billion

down ¥40.6 billion year on year

The factory automation systems business saw decreases in both orders and sales compared with the previous fiscal year owing to lower capital expenditures, including in areas related to semiconductors and flat panel displays in China, South Korea, and Taiwan.

The automotive equipment business recorded a decrease in orders due to the slump in new automobile sales in Europe and a drop in sales by Japanese automobile manufacturers in China. Overall sales were unchanged from the previous fiscal year, however, reflecting market recovery in North America and the steady market support provided by eco-car subsidies in Japan.

As a result, total sales in the Industrial Automation Systems segment amounted to ¥927.9 billion, down 5% compared with the previous fiscal year. Operating income decreased by ¥40.6 billion year on year to ¥60.6 billion due primarily to the decline in sales.

Programmable Logic Controllers

Mitsubishi Electric's MELSEC series of programmable logic controllers supports a wide array of production and social infrastructure applications; solutions range from control and safety devices to information and instrumentation management. As a leading global brand, the MELSEC series contributes to the construction of cutting-edge control systems owing to its capabilities, performance, product variety and high reliability.

AC Servos

The MELSERVO-J4 series features the world's highest level of performance and functionality. Its advanced design allows "one touch" auto-tuning and vibration suppression that enhances the speed, precision and overall performance of production equipment and manufacturing devices. The MELSERVO-J4 series has applications in numerous fields, including semiconductors, FPD (Flat Panel Display) production, packaging systems and industrial machinery.

Low-voltage Circuit Breakers

Low-voltage Circuit Breakers are used for wiring protection and short-circuit protection in low-voltage circuits. Since 1933 Mitsubishi Electric has been continuously designing and developing such breakers, the latest of which is the new WS-V "World" series; ideally suited to both power distribution and OEM markets.

Electrical Discharge Machines (EDMs)

Beginning with the newly launched MV series, a strategic product globally, Mitsubishi Electric provides a lineup of EDMs that add value and improve the manufacturing productivity of molds and precision components. Such equipment is indispensable to the production of automobiles, home electronics and IT-related devices.

Electric Power Steering (Motors and Controllers)

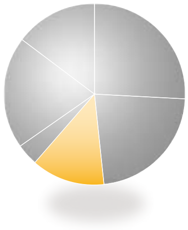
Mitsubishi Electric was the first company in the world to mass produce motors and controllers for electric power steering to assist driver steering in line with driving conditions. Over the years, Mitsubishi Electric has helped to improve steering feel, response and stability while delivering compact units and high-output performance, and contributing to reduced automobile CO_2 emissions.

Memory Car Navigation System

Mitsubishi Electric's DIATONE SOUND.NAVI is a car navigation system that incorporates the high-quality sound of the DIATONE high-end audio system. In addition to a sound quality and tone control function that rivals that of high-end car audio equipment, DIATONE SOUND.NAVI offers a wide range of advanced navigation capabilities that support driving safety based on simple map features.

Information and Communication Systems

Net Sales Breakdown by Business Segment



12.8%

Net Sales

¥522.4billion

up 1% year on year

Operating Income

¥1.6billion

down ¥19.7 billion year on year

The telecommunications equipment business experienced increases in both orders and sales compared with the previous fiscal year mainly because of higher demand for communications infrastructure equipment.

The information systems and services business saw no change in sales compared with the previous fiscal year as growth in the system integration business was offset by a decline in the IT infrastructure service business.

The electronic systems business recorded a year-on-year increase in orders due primarily to a large order received for the space systems business. In contrast, sales decreased compared with the previous fiscal year owing to a decline in the electronics business.

As a result, total sales in the Information and Communication Systems segment amounted to ¥522.4 billion, up 1% compared with the previous fiscal year. Operating income decreased by ¥19.7 billion year on year to ¥1.6 billion due primarily to an increase in costs and a decrease in electronic systems business sales.

Information System Integrated Control Center

Specialist engineers are available 24/7 to remotely operate and monitor client information systems and to analyze and determine any problem that might occur using automated tools, enabling a rapid response to any system malfunction. (Mitsubishi Electric Information Network Corporation)

Mission-critical Server

Employing virtualization technology in its complete fault-tolerant system as an overarching concept, this server not only ensures the succession of customers' application assets, but also integrates internal mission-critical tasks and systems for situations where failure is not an option.
(Mitsubishi Electric Information Technology Corporation)

DS2000 Standard Satellite Platform

The DS2000 is a standard satellite platform modeled after JAXA's ETS-VIII platform, which was designed to meet the need for high-quality, low-cost satellites with shortened delivery times. The DS2000 has maintained a competitive edge internationally, and is employed in such satellites as Himawari-7, 8, 9, Superbird-C2, ST-2 and Türksat-4A/4B.

Vehicle-mounted Stations for Satellite Communications

Vehicle-mounted satellite communication equipment enables transmission of video and audio for broadcast news (satellite news gathering) and information for disaster management. Mitsubishi Electric products have achieved Japan's highest market share in this field, and are employed by Japanese broadcasters, the public sector and infrastructure companies such as gas and electricity utilities.

Broadband Optical Access Systems

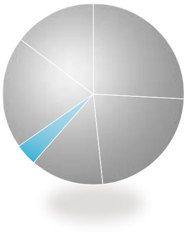
Mitsubishi Electric is progressively installing Gigabit Ethernet Passive Optical Network (GE-PON) systems, which play a central role in broadband services. The need for GE-PON systems is steadily expanding due to high-capacity broadband content, including the increased use of visual services.

Digital CCTV (Closed-circuit Television) System

This digital CCTV system meets the expanding range of needs for video surveillance systems, which is achieved through new digital technology incorporated into its high-resolution megapixel camera and its high level of scalability, which can accommodate even large-scale systems.

Electronic Devices

Net Sales Breakdown by Business Segment



Net Sales

¥164.1 billion

down 18% year on year

Operating Income (Loss)

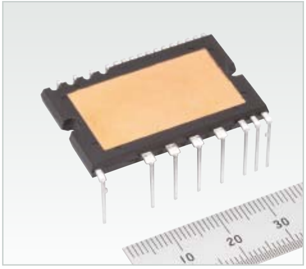
(¥5.6 billion)

down ¥9.2 billion year on year

The semiconductor business saw decreases in both orders and sales compared with the previous fiscal year due mainly to a decline in demand for industrial-, consumer- and railcar-use power modules.

The LCD module business experienced increases in both orders and sales year on year amid higher demand for industrial-use products.

As a result, total sales in the Electronic Devices segment totaled ¥164.1 billion, down 18% compared with the previous fiscal year. This segment incurred an operating loss of ¥5.6 billion, a negative year on year turnaround of ¥9.2 billion, mainly because of the drop in sales.



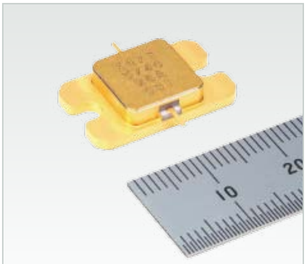
SiC Power Modules

Mitsubishi Electric is helping to boost the efficiency yet also reduce the size and weight of the power electronics equipment, including home appliances as well as industrial and rolling stock equipment, through its power modules that use silicon carbide (SiC), a next-generation semiconductor material, for inverters.

Large-capacity MPD Series of IGBT Modules for Renewable Energy Power Converters

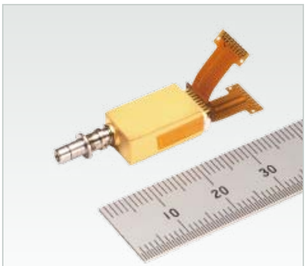
Mitsubishi Electric's Mega Power Dual (MPD) Series of insulated-gate bipolar transistor (IGBT) modules is contributing to smaller and more efficient power conversion equipment, including megawatt-class power generation systems as well as large-capacity inverters and uninterruptible power supply (UPS) systems for industrial equipment. The MPD Series uses a sixth-generation Carrier-Stored Trench-gate Bipolar Transistor (CSTBT)[1] that reduces collector-emitter saturation voltage by approximately 15% and gate capacitance by 30 to 50%.

1. CSTBT is a proprietary IGBT that employs a carrier storage effect.



Ku-band 50W GaN HEMT for Satellite Earth Stations

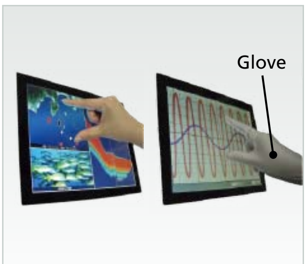
Mitsubishi Electric's gallium nitride (GaN) high-electron mobility transistor (HEMT) Ku-band (12-18GHz) amplifier features industry-leading output power of 50W, linear gain of 9dB and power-added efficiency of 30%, thereby helping to reduce the size and weight of satellite earth stations.



40Gbps Driver-In EML-TOSA Compliant with XLMD2-MSA

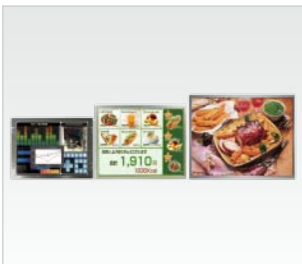
Mitsubishi Electric's 40Gbps electro-absorption modulator with laser diode-transmitter optical sub assembly (EML-TOSA) is the first device of its kind in the world[1] to comply with the 40Gbps Miniature Device Multi-Source Agreement (XLMD2-MSA). This product helps to reduce the size of communication facilities and expand high-speed optical transmission networks.

1. Based on Mitsubishi Electric research as of March 1, 2013.



Color TFT-LCD Modules with Touch Panels for Industrial Applications

Mitsubishi Electric's line-up of color thin-film transistor liquid-crystal display (TFT-LCD) modules with projected capacitive touch panels enable intuitive operations that can be performed even when wearing gloves and provide excellent visual clarity even in bright outdoor environments. In addition to LCD panels, these modules come with touch panels, controllers and total support services, including driver software. This line-up contributes significantly to increasing the user interface sophistication of industrial equipment.

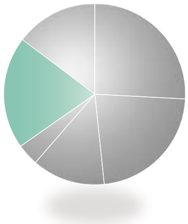


8.4-, 10.4- and 12.1-inch SVGA and XGA Color TFT-LCD Modules for Industrial Use

Mitsubishi Electric's SVGA and XGA color TFT-LCD modules come with circuit board-embedded LED drivers that help realize smaller, lower-cost end products. These modules ensure clear images in outdoor and other bright environments and are ideal for a variety of indoor and outdoor locations due to their wide viewing angles and broad operating temperature range.

Home Appliances

Net Sales Breakdown by Business Segment



Net Sales

¥821.3 billion
down 3% year on year

Operating Income

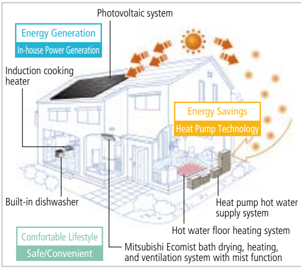
¥19.3 billion
down ¥3.1 billion year on year

The home appliances business experienced a 3% decrease in sales compared with the previous fiscal year to ¥821.3 billion. Despite an increase in air conditioning products in Asian countries, this result is largely attributable to the substantial decline in demand for LCD televisions and Blu-ray disc recorders in the Japanese market.

Operating income fell by ¥3.1 billion year on year to ¥19.3 billion due primarily to the drop in sales.

Room Air Conditioners

In addition to KIRIGAMINE room air conditioners, Mitsubishi Electric offers an extensive lineup of products with applications extending from stores, offices and buildings to factories and industrial facilities while featuring environmentally compatible, energy-saving technologies. These qualities allow Mitsubishi Electric to meet air conditioning needs globally.



Smart All-electric Homes

To ensure the comfort and convenience of all-electric-powered homes, Mitsubishi Electric is proposing "smart all-electric home" lifestyle ideas that improve energy creation via photovoltaic generation and effective energy usage through high-efficiency technologies such as heat pumps.

Home Appliance Lineup

The home appliances business strives to deliver technologies and products that bring convenience, comfort and enjoyment to everyday life. Focusing on keywords such as "delicious," "delightful" and "soothing," every effort is made to further enhance people's quality of life through intelligent, connected and economical, or in short, smart technologies.

LED Lighting

Currently under rapid development, LEDs possess outstanding features that expand lighting possibilities, including longevity, low power consumption, absence of mercury and the enabling of more compact fixtures. LEDs also significantly contribute to power conservation efforts.

Digital Signage

Mitsubishi Electric offers a full lineup of visual display products, including large-screen LCD public displays and multiple large-screen systems. Through these products, the Company is providing solutions for meeting rooms, schools, retail stores and other indoor venues, as well as for a wide range of businesses and applications, such as train stations and public facilities.

Visual Equipment for Public and Business Applications

Our high-quality image processing technologies deliver exceptionally sharp color reproduction. Mitsubishi Electric offers a range of products developed to suit a variety of application needs. These systems are being used in Japan and abroad for large-screen applications that display images, data and information.

■ Research and Development

R&D Initiatives

The Mitsubishi Electric Group's R&D network comprises the Advanced Technology R&D Center, Information Technology R&D Center and Industrial Design Center in Japan as well as laboratories in the United States and Europe. These centers operate under the umbrella of the Corporate Research and Development Group working in collaboration with the development departments in individual business groups.

R&D is an essential element supporting Mitsubishi Electric's ongoing growth. Based on a global standpoint, we will maintain our focus on R&D activities that combine business, development, intellectual property and international standardization strategies.

At the same time, we will engage in development that continues to make strong businesses stronger from an increasingly global perspective. This emphasis is aimed at securing the worldwide expansion of those businesses that form the backbone of our growth strategy and establishing new business domains. Moreover, we will place additional weight on development that helps to create robust businesses five years into the future.

Moving forward, we will work to distinguish ourselves from competitors in such wide-ranging fields as air conditioning equipment and systems, automotive equipment, car multimedia, factory automation equipment, power systems, elevators and escalators, and defense and space systems. To this end, we will bolster our technological capabilities as a part of efforts to consistently excel in international markets. For example, our overseas laboratories will play a central role in consolidating collaborative ties between operating bases in North America and Europe and promoting development aligned to our global strategy in the area of air conditioning equipment and systems.

From the standpoint of safeguarding the environment, the Group is aggressively addressing the technological challenges related to smart community/smart grids, power devices, heat pump applications and other aspects of energy and environmental businesses. Such initiatives are being undertaken with the aim of realizing the Group's Environmental Vision 2021. Through these efforts, Mitsubishi Electric is working to achieve a sustainable society by combining leading technologies from its wide array of business fields and developing energy-saving products and systems.

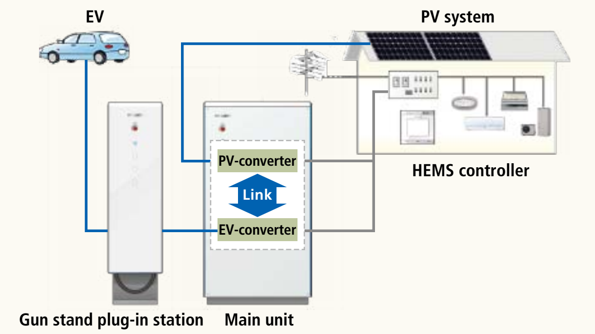
R&D Achievements in Fiscal 2013

The PV[1]/EV[2]-linked Controlled Power Conditioner

This newly developed technology is able to deal with changes in electric current that may be caused by factors such as the variation of electricity generated by PV depending on the intensity of solar radiation and steep changes in the power consumption of home appliances. A related innovation is seamless control of EV charging and discharging. Through configuration with the HEMS[3] controller, which performs control and surveillance of home appliances, these technologies contribute to ensuring stable power supply to houses even during blackouts caused by natural disasters.

Additionally, under normal conditions, these technologies realize optimal energy management as they enable use of surplus electricity which is charged to EV batteries during off-peak times such as night time, for effective in-house utilization.

1. Photovoltaic
2. Electric Vehicle
3. Home Energy Management System



Conceptual image of PV-EV bidirectional power conditioner installation

Realizing an independent power source during times of disaster and ensuring optimal energy use under everyday conditions

F-CUT, Ultra-high-speed Laser Cutting Technology

This innovation for laser processing machines is able to carve any shape by controlling the alternative "on" and "off" commands in discharging beam at a precision of 1/1,000,000 of a second, in connection with the laser processing machines used for metallic material cutting.

Furthermore, Mitsubishi Electric Research Laboratories, Inc., one of the Group's US subsidiaries, has developed a technology to determine the shortest processing path to reduce machine hours regardless of the physical complexity of shape to be processed.

These innovations, in comparison with the conventional processing method[1], have shortened standard machine hours for processing by 45%[2]. Their use in the latest laser processing machines for cutting metallic materials contributes to enhanced productivity in the manufacturing sector.

1. "Conventional" refers to the fiber laser processing method without F-CUT
2. This ratio assumes an instance of cutting stainless material of 1 millimeter board thickness.

Fiber laser processing machine equipped with F-CUT (ML3015N X-F)

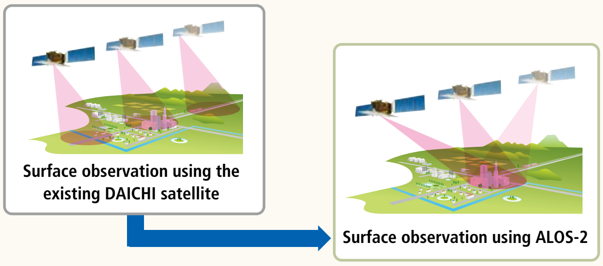
Capable of processing any shape; enables shorter machining times

Radar Satellite for High-resolution Land Observation

Mitsubishi Electric has developed a radio observation technology, which enables a satellite in orbit to spotlight a particular geographic location or terrestrial objects, regardless of weather and time (in both daylight and at night). This technology ensures full recognition and identification of individual constructions on ground surfaces, such as buildings and roads.

This technology is to be incorporated into the Advanced Land Observation Satellite-2 ("ALOS-2")[1]. It is expected that this technology will contribute extensively to functions such as faster fact-finding in the areas affected by large-scale natural disasters in Japan or elsewhere and a higher degree of efficiency in surveillance of national territories.

1. A new Advanced Land Observation Satellite succeeding its precursor "DAICHI" which ended operations in May 2011. ALOS-2 is currently being developed by a national independent administrative institution Japan Aerospace Exploration Agency ("JAXA").



Conceptual image of high-resolution radar surface observation using ALOS-2

Captures clear above-ground images over a broad expanse both night and day and irrespective of weather conditions

■ Intellectual Property

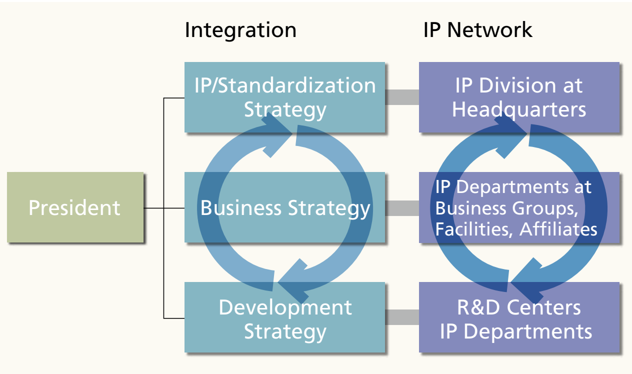
Basic Policy

The Mitsubishi Electric Group recognizes that intellectual property (IP) rights represent a vital management resource essential to its future. Therefore, every effort is made to integrate the Group's business, R&D and IP activities. Moving forward, the Mitsubishi Electric Group will further strengthen its IP capabilities while promoting its growth strategy.

Structure of the Intellectual Property Division

The Mitsubishi Electric Group's IP-related operations are the direct responsibility of the president and are overseen by the Head Office IP Division under an appointed IP executive officer. Day-to-day issues are handled by IP departments at relevant facilities, R&D centers and affiliated companies. The Head Office IP Division formulates strategies for the entire Group, promotes critical IP-related projects and coordinates interaction with the patent office. At the manufacturing facility, R&D center and affiliated company levels, IP departments pursue specific objectives in line with the Group's overall IP strategies.

Integrating Business, R&D and IP Activities

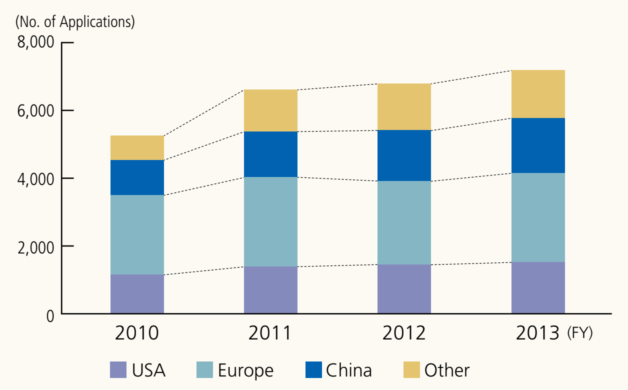


Global IP Strategy

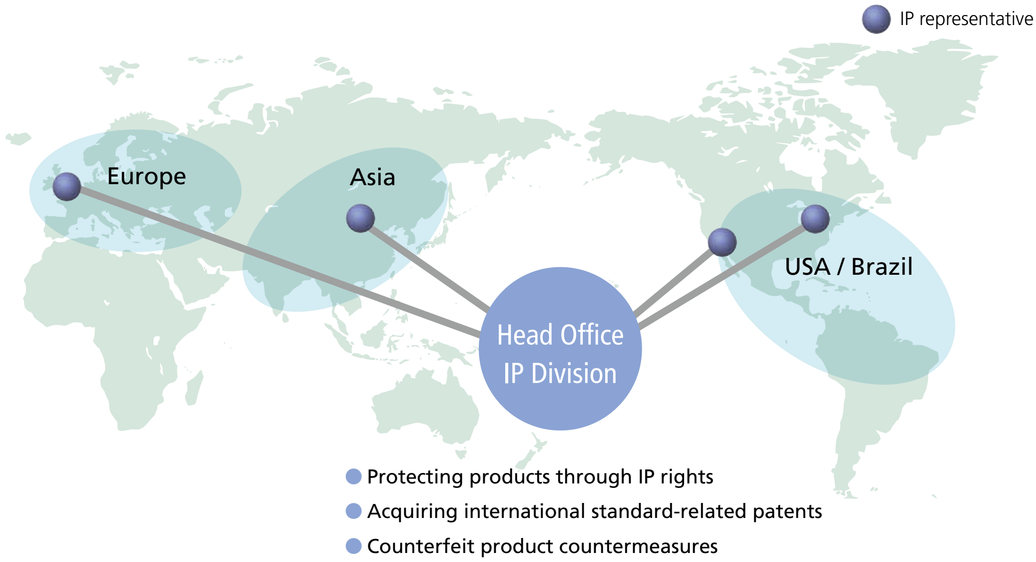
The Mitsubishi Electric Group identifies critical IP-related themes in connection with mainstay businesses and important R&D projects. At the same time, the Group channels its energies toward the globalization of its robust patent portfolio by promoting patent filing activities. With regard to its overseas operations, the Group is accelerating the globalization of its IP activities through actions such as working to increase the number of patent applications it files prior to undertaking business development in emerging countries, including India and Brazil.

Moreover, the Mitsubishi Electric Group is actively engaging in activities aimed at acquiring design rights in Japan and overseas to further enhance its robust patent portfolio. These efforts are intended to specifically protect proprietary assets in both technology and design areas.

Annual Trends in Overseas Patent Applications by the Mitsubishi Electric Group



Further Strengthening Global IP Capabilities



The Mitsubishi Electric Group has assigned IP representatives to each of its bases in the United States, Europe and China. Every effort is being made to strengthen IP capabilities at Group facilities, R&D centers and affiliated companies in each country.

Standardization Strategy

As companies continue to globalize their business activities, the international standardization of technologies that contribute to global market growth is significantly impacting business strategies. For this reason, the importance of promoting IP strategies in consideration of international standards is increasing. In response to this situation, the Mitsubishi Electric Group is placing emphasis on activities to standardize its development technologies and acquire related IP rights. The Group is paying particular attention to the acquisition of international standard patents, while patent pools, including those for MPEG and Blu-ray Disc™, are proving to be a wellspring for IP revenues. These revenues are contributing to improvement and growth in business earnings. Furthermore, the Mitsubishi Electric Group is working to reinforce its activities to acquire rights for international standard-related technologies. The Group is looking to utilize these patents to help increase the market share of its products.

*Blu-ray Disc™ is a trademark of the Blu-ray Disc Association

Activities Aimed at Preventing Infringement on the Group's IP Rights

The Mitsubishi Electric Group works diligently to prevent any infringement on its IP rights by other companies. In addition to in-house activities, the Group places particular weight on collaborating with industry organizations while approaching government agencies both in Japan and overseas as a part of a wide range of measures to prevent the counterfeiting of its products.

Respecting the IP Rights of Others

The Mitsubishi Electric Group recognizes that any infringement on the IP rights of another company has the potential to significantly impair the Group's continued viability as a going concern. The resulting potential impairments include being obliged to pay significant licensing fees or being forced to discontinue the manufacture of a certain product. In order to prevent any infringement on the IP rights of other companies, the Group provides education and training to raise employee awareness and promote greater respect for the IP rights of others. At the same time, the Group has put in place a set of rules to facilitate appropriate actions such as surveying other companies' patent rights at every stage from development to production. The Mitsubishi Electric Group works diligently to ensure strict adherence to these rules.

Corporate Social Responsibility

The Mitsubishi Electric Group promotes its corporate social responsibility (CSR) activities based on the conviction that all business activities must take CSR into consideration. The Group's Corporate Mission and Seven Guiding Principles form its basic CSR policies. We are vigilant in our enforcement of corporate ethics and compliance and constantly work to improve educational programs and strengthen our internal control system. At the same time, we pursue initiatives related to quality management, environmental preservation, philanthropy and improved communication with all stakeholders.

Corporate Mission

The Mitsubishi Electric Group will continually improve its technologies and services by applying creativity to all aspects of its business. By doing so, we enhance the quality of life in our society. To this end, all members of the Group will pursue the following Seven Guiding Principles.

Seven Guiding Principles

Trust, Quality, Technology, Citizenship, Ethics, Environment, Growth

The Mitsubishi Electric Group's Corporate Social Responsibility

The operating environment continues to undergo dramatic changes, reflecting advances in globalization, revisions to legislation and other factors. What must continue regardless of how the times may change is a respect for corporate ethics and compliance and a commitment to never compromise on environmental issues and product quality. This commitment of the Mitsubishi Electric Group was first articulated in the *Keiei no Yotei*, or Keys to Management, which was drawn up at the time of Mitsubishi Electric's founding in 1921. The spirit of this document, which states our contributions in areas such as the prosperity of society, product quality and customer satisfaction, lives on today in our Corporate Mission and Seven Guiding Principles. With these tenets as our core principles, the Group promotes various initiatives in order to fulfill its corporate social responsibilities.

In particular, our commitment to compliance has underpinned corporate management while forming the core of our efforts to strengthen the Group's internal control system and implement employee training programs. Despite this commitment, it was revealed that in Mitsubishi Electric's electronic systems business there was some overcharging of expenses as well as inappropriate invoicing with regard to contracts involving its defense- and space-related businesses. This led to the Company's suspension by Japanese authorities from participating in further bidding. Taking this matter very seriously, we conducted a detailed investigation to determine the details and causes of this incident. The results of our investigation have been incorporated into countermeasures aimed at preventing similar incidents from recurring. Implementing these countermeasures and working diligently to strengthen our compliance activities, we will make every possible effort to regain the trust of all stakeholders as quickly as possible.

As a member of society, the Mitsubishi Electric Group is responsible for upholding corporate ethics and compliance as well as contributing to society. The Group recognizes its responsibility to contribute to society through the technologies it has built up over the years.

A sincere concern for the environment permeates all of the Mitsubishi Electric Group's products, services and businesses. In this sense, every facet of our business activities is geared toward contributing to the environment. The technologies and products that comprise our portfolio support environmental protection, energy conservation and social infrastructure while being gentle to humankind and the earth, thereby enriching society. Looking ahead, we will help create a low-carbon society by harnessing the strengths of our wide-ranging technological capabilities.

Philanthropic Activities

To help create a society full of smiles, where caring and harmony are a way of life, the Mitsubishi Electric Group carries out a variety of philanthropic activities both in Japan and overseas in the spirit of its corporate mission. This mission states that we "will continually improve our technologies and services by applying creativity to all aspects of our business" and thereby enhance quality of life in society.

Promoting Activities Deeply Rooted in Local Communities

Emphasizing the three categories of social welfare, environmental preservation and the promotion of science and technology, our philanthropic activities in Japan are underpinned primarily by the Mitsubishi Electric SOCIO-ROOTS Fund, a gift program in which the Company matches any donation made by an employee to social welfare facilities; the "Satoyama" Woodland Preservation Project, which involves employee volunteers participating in environmental restoration activities in the areas surrounding our offices and production facilities; and science classes that encourage children to experience for themselves the appeal of science and thereby foster the development of the engineers of tomorrow.

Focusing on our philanthropic activities overseas, we implement a broad range of initiatives, including undertaking nature conservation activities with the help of employee volunteers,

Satoyama Woodland Preservation Project participants (Japan)

A Science Class that helps communicate the appeal of science to children (Japan)

Supporting the El Primer Palau music festival (Spain) funding social welfare facilities and organizations, and offering support for young musicians and sports teams.

Common to all of Mitsubishi Electric's philanthropic initiatives is a focus on activities deeply rooted in local communities. In this way, we are promoting greater communication with all members of society through actions that meet local needs.

Philanthropic Activities through Mitsubishi Electric's Overseas Foundations

The Mitsubishi Electric America Foundation and Mitsubishi Electric Thai Foundation, both founded in 1991, play leading roles in our social welfare activities and the promotion of science and technology. The Mitsubishi Electric America Foundation helps young people with disabilities to participate more fully in society. The Mitsubishi Electric Thai Foundation provides scholarships to university students, supports a school lunch program for grade school students, and promotes volunteer work in schools.

Recipients of university scholarships and Foundation representatives (Thailand)

In the school lunch program, students use funds from the Foundation to grow crops for school lunches. (Thailand)

The Congressional Internship Program for Individuals with Intellectual Disabilities (United States)

An employee volunteer working with a student on Disability Mentoring Day (United States)

Environmental Activities

The 7th Environmental Plan

Aiming to be a leading green company that continues to address the needs of a global society, the Mitsubishi Electric Group is working to strengthen its corporate constitution by fine-tuning its production to use less energy and fewer resources as well as to contribute to society by taking into consideration environmental concerns and improving the environment through its products and services.

In 2007, the Mitsubishi Electric released details of its long-term vision for environmental management, Environmental Vision 2021. Under this vision, the Mitsubishi Electric Group commenced its 7th Environmental Plan, which covers the period from fiscal 2013 to fiscal 2015. This plan is built around three core pillars encompassing initiatives toward realizing a low-carbon society, initiatives toward creating a recycling-based society and initiatives aimed at strengthening the Group's environmental management foundation and expanding environment-related businesses. As a part of efforts to realize a low-carbon society, particular emphasis is being placed on measures to further expand contribution amounts for reducing CO_2 emissions, both at production stage and product usage stage.

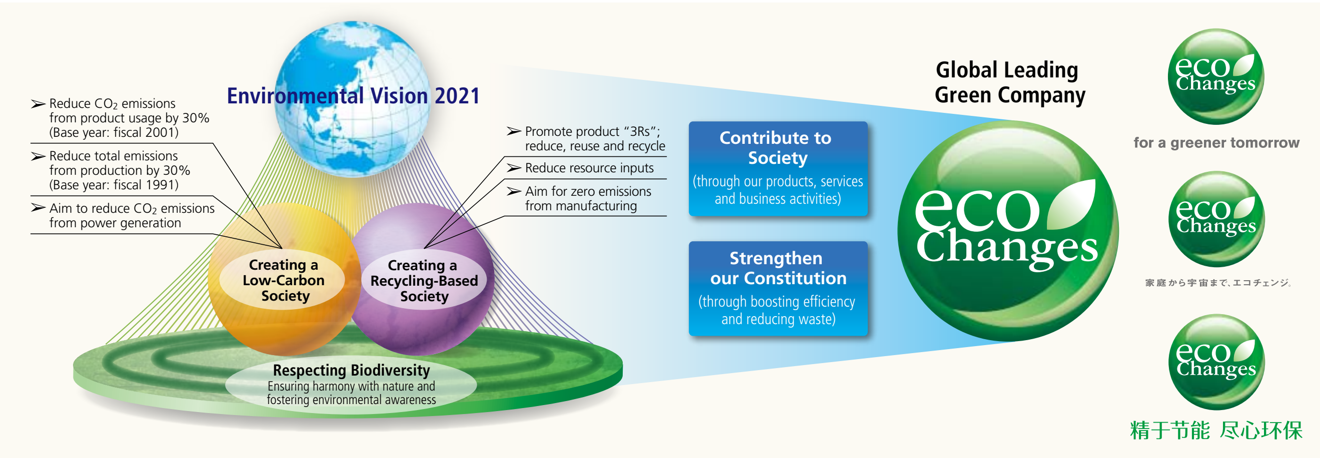
Strengthening Our Corporate Constitution

• Reducing CO_2 Emissions from Production

Under its 7th Environmental Plan, which covers the period from fiscal 2013 to fiscal 2015, the Mitsubishi Electric Group has taken steps to manage its CO_2 emissions reduction targets in terms of carbon equivalent energy per net sales.* Doing so ensures that a proper evaluation of the efforts made to reduce emissions can be made even when there is an increase or decrease in the volume of production.

The Group has identified the target of reducing the carbon equivalent energy per net sales of CO_2 emissions to 83% of the level recorded in fiscal 2011 in fiscal 2015. In order to achieve this target, a variety of initiatives will be implemented. In an effort to reduce CO_2 emissions from the production line, steps will be taken to visualize and remove the energy waste inherent in the production process. At the same time, the Group will focus on increasing the efficiency and management of utilities, including air conditioners and lighting. Attention will also be paid to managing and controlling the use of electric power during peak periods through the introduction of monitoring systems with the aim of realizing a reduction through the use of demand management. Complementing these initiatives, the Mitsubishi Electric Group will continue to expand its use of photovoltaic power generation.

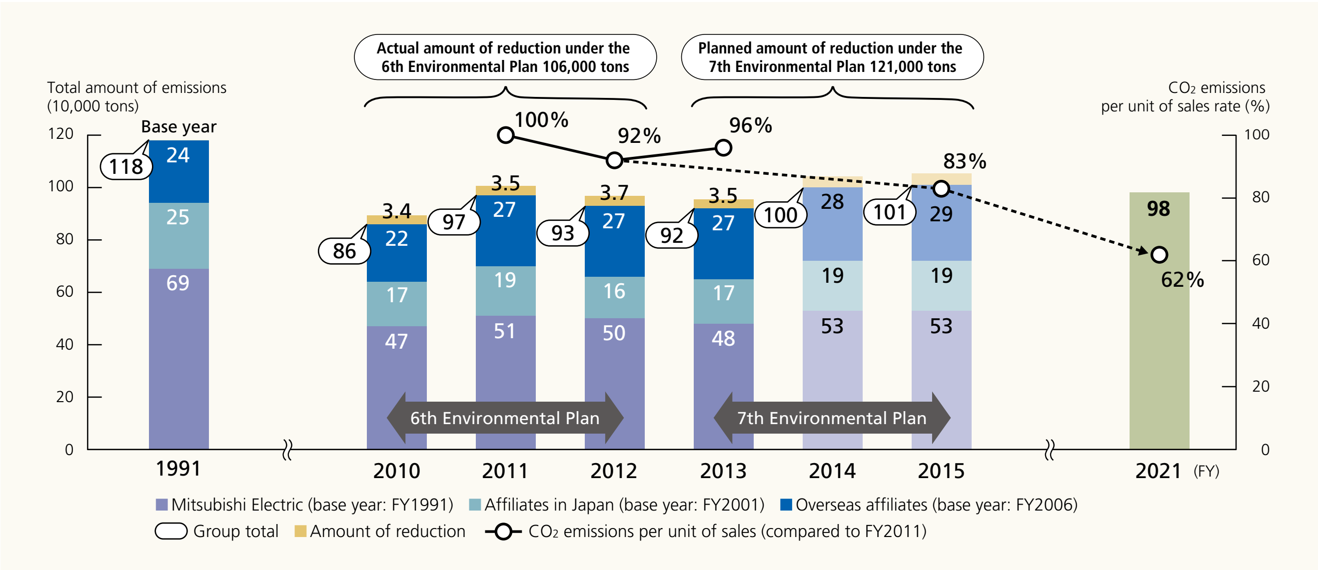
The improvement in CO_2 emissions in terms of carbon equivalent energy per net sales was 96% in fiscal 2013. This result fell



short of the fiscal year target of 89%. Failure to achieve the target was largely attributable to the downturn in sales in the Electronic Devices and Industrial Automation Marketing business segments as well as the construction of a new plant tower by the Energy and Electric Systems business segment. Taking each of the aforementioned into consideration, the Mitsubishi Electric Group will bolster existing initiatives with reduction activities that focus on thermal energies in fiscal 2014. Efforts will also be channeled toward accelerating the deployment of energy-efficient technologies across all sites.

*The amount of CO_2 emission in terms of per unit of sales.

Group-wide Plan to Reduce CO_2 Emissions from Production



Contributing to Society

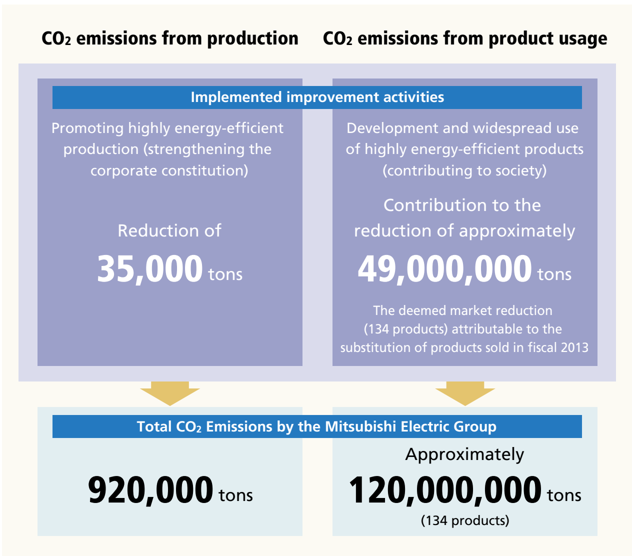
• Reducing CO_2 Emissions from Product Usage

The Mitsubishi Electric Group is endeavoring to further reduce its products' CO_2 emissions resulting from use. The amount of reduction in CO_2 emissions from product usage refers to the reduction attributable to the replacement of old products (sold in fiscal 2001) with new and highly energy-efficient products (sold in fiscal 2013). In addition to enhancing the energy-saving performance of individual products, the Mitsubishi Electric Group is working to increase the number of its products that actively benefit the environment while expanding its sales volume in order to maximize its contribution toward reducing overall CO_2 emissions.

The Group's total reduction in CO_2 emissions from product usage in fiscal 2013 was 49,030,000 tons across 134 products. Total CO_2 emissions from product usage came to 120,340,000 tons.

With an eye to enhancing their energy-saving performance, based on specific targets certain products have been chosen by the Mitsubishi Electric Group for further development. In particular, a 27% average reduction in energy consumption is targeted for 84 products under the 7th Environmental Plan. In fiscal 2013, the number of products whose development took into account established reduction targets increased to 109. Having achieved an average reduction in energy consumption of 29%, the Group exceeded the target set for under the final year of the plan. This was largely attributable to successful efforts to improve the energy consumption of all products.

CO_2 Emissions Reduction from Production and Products



More information about the Mitsubishi Electric Group's environmental and CSR initiatives is available on our website at the following URL.
http://www.MitsubishiElectric.com/company/csr/
http://www.MitsubishiElectric.co.jp/corporate/environment/

Basic Corporate Governance Policy

To realize sustained growth and increase corporate value, Mitsubishi Electric works to maintain the flexibility of its operations while promoting management transparency. These endeavors are supported by an efficient corporate governance structure that clearly defines and reinforces the supervisory functions of management while ensuring that the Company is responsive to the expectations of customers, shareholders, and all of our stakeholders.

Corporate Management and Governance Structure

Corporate Management Structure

In June 2003, Mitsubishi Electric became a company with a committee system. Key to this structure is the separation of supervisory and executive functions; the Board of Directors plays a supervisory decision-making role and executive officers handle the day-to-day running of the Company.

The present Board is comprised of 12 directors (five of whom are outside directors), who objectively supervise and advise the Company's management. The Board of Directors has three internal bodies: the Audit, Nomination and Compensation committees. Each body has five members, three of whom are outside directors. The Audit Committee is supported by dedicated independent staff.

Internal Control System

Further ensuring effective corporate governance, the roles of Chairman and President & CEO are clearly defined and exclusive. The Chairman heads the board of directors and the President & CEO heads the Company's executive officers. Neither the Chairman nor the President & CEO is a member of the Nomination or Compensation Committees. This allows for the clear division of executive and supervisory functions, thereby enabling Mitsubishi Electric to ensure effective corporate governance.

Executive officers are responsible for ensuring compliance and management efficiency in their assigned areas of operations. Internal auditors monitor executive officers' performance of duties. Internal auditors report on the results of such monitoring to the executive officer in charge of auditing. And the executive officer in charge of auditing and accounting auditors report on the results of such monitoring to the Audit Committee.

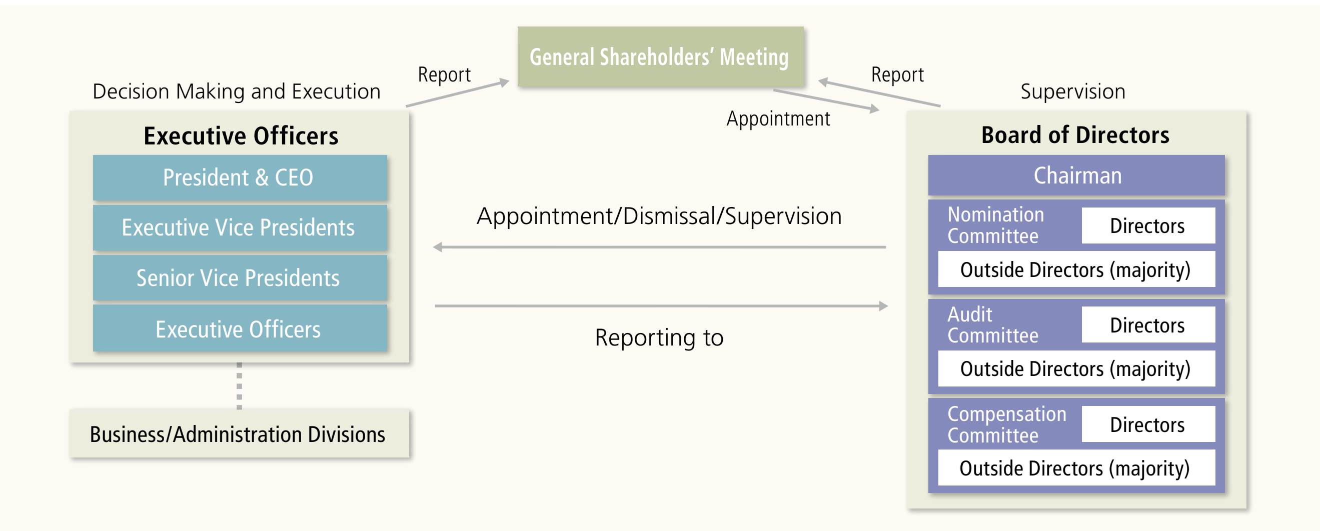
Mitsubishi Electric maintains a multi-dimensional risk management system in which all executive officers participate. Under this system, executive officers are responsible for risk management in their assigned areas of operation. In addition, executive officers exchange information and participate in important management initiatives and decisions through regularly scheduled executive officers' meetings.

The Corporate Auditing Division and Audit Committee

Acting independently, Mitsubishi Electric's Corporate Auditing Division conducts internal audits of the Company from a fair and impartial standpoint. In addition, the division's activities are supported by auditors with profound knowledge of their particular fields, assigned from certain business units.

The Audit Committee is made up of five directors, three of whom are outside directors. In accordance with the policies and assignments agreed to by the committee, the performances of directors and executive officers as well as affiliated companies are audited.

The Corporate Auditing Division, through the executive officer in charge of auditing, submits reports to the Audit Committee, which holds periodic meetings to exchange information and discuss auditing policies. In addition, the Audit Committee discusses policies and methods of auditing with accounting auditors, who furnish it with reports on the status and results of the audits of the Company that they themselves conduct.



Directors and Executive Officers

Directors (As of June 27, 2013)

Setsuhiro Shimomura.......................... Chairman
Kenichiro Yamanishi .... Representative Executive Officer, President & CEO
Hiroki Yoshimatsu .... Member of the Audit Committee
Noritomo Hashimoto .... Member of the Nomination Committee, Senior Vice President
Ryosuke Fujimoto................................ Chairman of the Audit Committee
Nobuyuki Okuma .... Chairman of the Nomination Committee, Chairman of the Compensation Committee, Executive Officer
Akihiro Matsuyama............................. Member of the Compensation Committee, Executive Officer
Mikio Sasaki... Member of the Compensation Committee, Senior Corporate Advisor, Mitsubishi Corporation
Shigemitsu Miki.................................. Member of the Nomination Committee, Member of the Audit Committee, Senior Advisor, The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Fujiatsu Makino.................................. Member of the Audit Committee, Member of the Compensation Committee, Certified Public Accountant, Registered Tax Accountant
Mitoji Yabunaka.................................. Member of the Nomination Committee, Member of the Compensation Committee, Advisor, Nomura Research Institute, Ltd.
Hiroshi Obayashi .... Member of the Nomination Committee, Member of the Audit Committee, Attorney-at-Law

Executive Officers (As of June 27, 2013)

Representative Executive Officer
President & CEO:
Kenichiro Yamanishi

Representative Executive Officer
Executive Vice President:
Mitsuo Muneyuki .... In charge of Export Control and Building Systems
Masaki Sakuyama................................ In charge of Semiconductor & Device

Senior Vice Presidents:
Takashi Sasakawa .... In charge of Electronic Systems
Noritomo Hashimoto .... In charge of Corporate Strategic Planning and Operations of Associated Companies

Executive Officers:
Kazuhiko Tsutsumi .... In charge of IT and Research & Development
Yoshiaki Nakatani................................ In charge of Energy & Industrial Systems
Tsuyoshi Nakamura .... In charge of Legal Affairs & Compliance
Masaharu Moriyasu............................. In charge of Total Productivity Management & Environmental Programs
Hiroyuki Umemura.............................. In charge of Living Environment & Digital Media Equipment
Yasuyuki Nakanishi .... In charge of Communication Systems
Takayuki Sueki .... In charge of Global Strategic Planning & Marketing
Masayuki Ichige................................... In charge of Auditing, Government & External Relations and Public Relations
Isao Iguchi.. In charge of Advertising and Domestic Marketing
Hideyuki Okubo .... In charge of Factory Automation Systems
Yutaka Ohashi .... In charge of Automotive Equipment
Toru Yoshinaga.................................... In charge of Information Systems & Network Service
Nobuyuki Okuma .... In charge of General Affairs and Human Resources
Akihiro Matsuyama............................. In charge of Accounting and Finance
Takashi Sakamoto .... In charge of Purchasing
Takahiro Kikuchi.................................. In charge of Public Utility Systems
Kenji Kondo... In charge of Export Control and Intellectual Property

Organization (As of June 27, 2013)

- Board of Directors
  - Chairman
  - Nomination Committee
  - Audit Committee
    - Audit Committee Office
  - Compensation Committee

- Executive Officers' Meeting
  - President & CEO
  - Executive Vice Presidents
  - Senior Vice Presidents
  - Executive Officers

- Corporate Auditing Div.
- Corporate Strategic Planning Div.
- Corporate IT Strategy Div.
- Associated Companies Div.
- Government & External Relations Div.
- Corporate Administration Div.
- Corporate Human Resources Div.
- Corporate Accounting Div.
- Corporate Finance Div.
- Corporate Purchasing Div.
- Public Relations Div.
- Corporate Advertising Div.
- Corporate Legal & Compliance Div.
- Corporate Export Control Div.
- Corporate Licensing Div.
- Corporate Intellectual Property Div.

- Corporate Marketing Group
  - Business Planning Office
  - Market Planning & Administration Dept.
  - Compliance Dept.
  - Marketing Research & Business Development Dept.
  - Branch Offices (Hokkaido, Tohoku, Kanetsu, Kanagawa, Hokuriku, Chubu, Kansai, Chugoku, Shikoku, Kyushu)
- Global Strategic Planning & Marketing Group
  - Global Planning & Administration Div.
  - Compliance Dept.
  - Regional Marketing Div.
  - Regional Strategic Development Div.
  - Regional Corporate Offices
    - Americas (U.S.A.)
    - Europe (U.K.)
    - Asia (Singapore)
    - China
    - Taiwan
- Corporate Total Productivity Management & Environmental Programs Group
  - Corporate Productivity Engineering Dept.
  - Compliance Dept.
  - Corporate Quality Assurance Planning Dept.
  - Corporate Environmental Sustainability Group
  - Corporate Logistics Dept.
  - Information Technology Center
  - Design Systems Engineering Center
  - Manufacturing Engineering Center
- Corporate Research and Development Group
  - Planning & Administration Dept.
  - Compliance Dept.
  - Advanced Technology R&D Center
  - Information Technology R&D Center
  - Industrial Design Center
- Information Systems & Network Service Group
  - Planning & Administration Dept.
  - Compliance Dept.
  - Engineering Planning Dept.
  - Marketing Dept.
- Public Utility Systems Group
  - Planning & Administration Dept.
  - Compliance Dept.
  - Engineering Planning Dept.
  - ITS Business Development Group
  - Public-Use Systems Marketing Div.
  - Transportation Systems Div.
  - Overseas Marketing Div.
  - Plant Engineering & Construction Div.
  - Branch Offices
  - Kobe Works, Itami Works, Nagasaki Works
- Energy & Industrial Systems Group
  - Planning & Administration Dept.
  - Compliance Dept.
  - Engineering Planning Dept.
  - Nuclear Power Plant Technical Supervisory Office
  - Power Systems Marketing Div.
  - Overseas Marketing Div.
  - Power Plant Engineering & Construction Center
  - Branch Offices
  - Energy Systems Center, Transmission & Distribution Systems Center, Power Distribution Systems Center
- Building Systems Group
  - Planning & Administration Dept.
  - Compliance Dept.
  - Engineering Planning Dept.
  - Total Security Systems Dept.
  - Domestic Marketing Div.
  - Overseas Marketing Div.
  - Building Systems Field Operation Div.
  - Branch Offices
  - Inazawa Works
- Electronic Systems Group
  - Electronic Systems Compliance Dept.
  - Planning & Administration Dept.
  - Defense Systems Div.
  - Space Systems Div.
  - IT Space Solutions Div.
  - Branch Offices
  - Communication Systems Center, Kamakura Works
- Communication Systems Group
  - Planning & Administration Dept.
  - Compliance Dept.
  - Communication Systems Engineering Center
  - Telecommunication Systems Sales & Marketing Div.
  - Telecommunications Carrier Sales & Marketing Div.
  - Branch Offices
  - Communication Networks Center
- Living Environment & Digital Media Equipment Group
  - Planning & Administration Dept.
  - Compliance Dept.
  - Engineering Dept.
  - External Relations Dept.
  - Customer Satisfaction Promotion Dept.
  - Marketing & Operations Strategic Planning Dept.
  - Eco-Facility Systems Marketing Dept.
  - Air-Conditioning & Refrigeration Systems Div.
  - Lighting, Ventilation, Housing Systems & PV Systems Div.
  - Home Appliances Div.
  - Digital Media Equipment Div.
  - Living Environment Systems Laboratory
  - Branch Offices
  - Nakatsugawa Works, Air-Conditioning & Refrigeration Systems Works, Shizuoka Works, Kyoto Works, Gunma Works
- Factory Automation Systems Group
  - Planning & Administration Dept.
  - Compliance Dept.
  - Industrial Products Marketing Div.
  - Industrial Automation Marketing Div.
  - Overseas Marketing Div.
  - Global Account Management Div.
  - Branch Offices
  - Nagoya Works, Fukuyama Works
- Automotive Equipment Group
  - Planning & Administration Dept.
  - Automotive Equipment Compliance Dept.
  - Automotive Equipment Marketing Div.
  - Automotive Equipment Overseas Marketing Div.
  - Automotive Electronics Development Center
  - Branch Offices
  - Himeji Works, Sanda Works
- Semiconductor & Device Group
  - Planning & Administration Div.
  - Compliance Dept.
  - Semiconductor & Device Marketing Div. A
  - Semiconductor & Device Marketing Div. B
  - LCD Div.
  - Branch Offices
  - Power Device Works, High Frequency & Optical Device Works

Major Subsidiaries and Affiliates (As of March 31, 2013)

	Manufacturing	Sales/Installation/Services
Energy and Electric Systems	Tada Electric Co., Ltd. Toyo Electric Corporation Mitsubishi Electric Power Products, Inc. Mitsubishi Elevator Asia Co., Ltd. Mitsubishi Electric Shanghai Electric Elevator Co., Ltd. Toshiba Mitsubishi-Electric Industrial Systems Corporation Mitsubishi Hitachi Home Elevator Corporation Shanghai Mitsubishi Elevator Co., Ltd.	Mitsubishi Electric Building Techno-Service Co., Ltd. Mitsubishi Electric Plant Engineering Corporation Mitsubishi Electric Control Software Corporation Ryoden Elevator Construction, Ltd. Ryoko Co., Ltd. RYO-SA BUILWARE Co., Ltd. Mitsubishi Elevator Hong Kong Co., Ltd. Mitsubishi Elevator Korea Co., Ltd. Hitachi Mitsubishi Hydro Corporation ETA-Melco Elevator Co. L.L.C.
Industrial Automation Systems	DB Seiko Co., Ltd. Meiryo Technica Co., Ltd. Mitsubishi Electric Automotive America, Inc. Mitsubishi Electric Thai Auto-Parts Co., Ltd. Mitsubishi Electric Dalian Industrial Products Co., Ltd. Mitsubishi Electric Automation, Inc. Mitsubishi Electric Automotive Czech s.r.o. Shizuki Electric Co., Inc. Nippon Injector Corporation Shihlin Electric & Engineering Corporation	Ryowa Corporation Ryoden Koki Engineering Co., Ltd. Meldas System Engineering Corporation Mitsubishi Electric Mechatronics Software Corporation Mitsubishi Electric Automation (Hong Kong) Ltd. Mitsubishi Electric Automation Korea Co., Ltd. Setsuyo Astec Corporation
Information and Communication Systems	Mitsubishi Electric TOKKI Systems Corporation Mitsubishi Precision Co., Ltd. SPC Electronics Corporation Seiryo Electric Co., Ltd. Miyoshi Electronics Corporation Oi Electric Co., Ltd.	Diamond Telecommunication Co., Ltd. Mitsubishi Electric Information Systems Corporation Mitsubishi Electric Information Network Corporation Mitsubishi Electric Information Technology Corporation Mitsubishi Space Software Co., Ltd. Mitsubishi Electric Business Systems Co., Ltd. Mitsubishi Electric Micro-Computer Application Software Co., Ltd. Itec Hankyu Hanshin Co., Ltd.
Electronic Devices	Melco Display Technology Inc. IT Semicon Co., Ltd. Mitsubishi Electric Metecs Co., Ltd. Vincotech Holdings S.à r.l. Renesas Electronics Corporation Powerex, Inc.	Melco Semiconductor Engineering Corporation
Home Appliances	Mitsubishi Electric Lighting Corporation Mitsubishi Electric Home Appliance Co., Ltd. Mitsubishi Electric Consumer Products (Thailand) Co., Ltd. Shanghai Mitsubishi Electric & Shangling Air-Conditioner and Electric Appliance Co., Ltd. Mitsubishi Electric (Guangzhou) Compressor Co., Ltd. Siam Compressor Industry Co., Ltd. Mitsubishi Electric Visual Solutions America, Inc. Kang Yong Electric Public Co., Ltd.	Mitsubishi Electric Living Environment Systems Corporation Mitsubishi Electric Life Network Co., Ltd. Mitsubishi Electric Air Conditioning & Refrigeration Equipment Sales Co., Ltd. Mitsubishi Electric Air Conditioning & Refrigeration Systems Co., Ltd. Melco Facilities Corporation Mitsubishi Electric Kang Yong Watana Co., Ltd. Mitsubishi Electric Air-Conditioning & Visual Information Systems (Shanghai) Ltd.
Others		Mitsubishi Electric Trading Corporation Mitsubishi Electric Engineering Co., Ltd. Mitsubishi Electric Logistics Corporation Mitsubishi Electric System & Service Co., Ltd. The Kodensha Co., Ltd. Mitsubishi Electric Life Service Corporation iPLANET Inc. Mitsubishi Electric Credit Corporation KITA KOUDENSHA Corporation

Comprehensive Sales Companies

- Chiyoda Mitsubishi Electric Co., Ltd. and other regional comprehensive sales companies (10 companies)
- Mitsubishi Electric Europe B.V.
- Mitsubishi Electric US, Inc.
- Mitsubishi Electric Taiwan Co., Ltd.
- Mitsubishi Electric & Electronics (Shanghai) Co., Ltd.
- Mitsubishi Electric Asia Pte. Ltd.
- Mitsubishi Electric Australia Pty. Ltd.
- Mitsubishi Electric (H.K.) Ltd.

- Ryoden Trading Co., Ltd.
- Kanaden Corporation
- Mansei Corporation

Notes:
1. Comprehensive sales companies include several companies that are responsible for selling products from a number of businesses, and therefore are put into their own separate category rather than separating them by business segment.
2. Companies shaded in gray are consolidated subsidiaries, while others are equity-method affiliate companies.
3. The name of IT Semicon Co., Ltd. was changed to Melco power device Co. Ltd. on April 1, 2013.

Financial Section

Contents

Five-Year Summary

Mitsubishi Electric Corporation and Subsidiaries

Years ended March 31	2013	2012	2011	2010	2009	2013
	Yen (millions)					U.S. dollars (thousands)
Summary of Operations						
Net sales	**¥3,567,184**	¥3,639,468	¥3,645,331	¥3,353,298	¥3,665,119	**$37,948,766**
Cost of sales	**2,604,360**	2,628,964	2,622,959	2,505,095	2,710,976	**27,705,957**
Selling, general, administrative and R&D expenses	**806,412**	781,278	784,606	736,959	783,673	**8,578,851**
Loss on impairment of long-lived assets	**4,317**	3,782	4,005	16,942	30,742	**45,926**
Operating costs	**3,415,089**	3,414,024	3,411,570	3,258,996	3,525,391	**36,330,734**
Operating income	**152,095**	225,444	233,761	94,302	139,728	**1,618,032**
Income before income taxes	**65,141**	224,080	210,237	64,259	43,933	**692,989**
Net income attributable to Mitsubishi Electric Corp.	**¥ 69,517**	¥ 112,063	¥ 124,525	¥ 28,278	¥ 12,167	**$ 739,543**
Financial Ratios						
Return on sales (%)	**1.95**	3.08	3.42	0.84	0.33	—
Return on equity (%)	**5.72**	10.27	12.36	3.12	1.29	—
Return on assets (%)	**2.04**	3.33	3.80	0.86	0.36	—
Equity ratio (%)	**38.12**	33.39	31.52	30.00	25.48	—
Per-Share Amounts						
Net income attributable to Mitsubishi Electric Corp. (yen/U.S. dollars)						
Basic	**¥32.38**	¥52.20	¥58.00	¥13.18	¥5.67	**$0.344**
Diluted	**—**	—	—	13.18	5.67	—
Cash dividends declared (yen/U.S. dollars)	**¥ 11**	¥ 12	¥ 12	¥ 4	¥ 6	**$0.117**
Statistical Information						
Current assets	**¥2,144,260**	¥2,197,384	¥2,073,064	¥1,927,473	¥1,939,916	**$22,811,276**
Current liabilities	**1,425,759**	1,433,501	1,470,387	1,266,909	1,413,015	**15,167,649**
Working capital	**718,501**	763,883	602,677	660,564	526,901	**7,643,627**
Mitsubishi Electric Corp. shareholders' equity	**1,300,070**	1,132,465	1,050,340	964,584	849,476	**13,830,532**
Cash dividends paid	**23,616**	27,910	19,315	—	27,904	**251,234**
Total assets	**3,410,410**	3,391,651	3,332,679	3,215,094	3,334,123	**36,280,957**
Capital expenditures	**150,425**	159,346	107,638	109,069	141,434	**1,600,266**
R&D expenditures	**172,222**	169,686	151,779	133,781	144,444	**1,832,149**
Depreciation	**¥ 127,942**	¥ 127,244	¥ 105,280	¥ 119,762	¥ 148,018	**$ 1,361,085**
Employees (at the end of the year)	**120,958**	117,314	114,443	109,565	106,931	—

Notes: 1. The Company prepares consolidated financial statements with procedures, accounting terms, forms, and preparation that are in conformity with accounting principles generally accepted in the United States of America based on the rules and regulations applicable in Japan.
2. Operating income is presented as net sales less cost of sales, selling, general, administrative and R&D expenses, and loss on impairment of long-lived assets. Total operating income for each segment conforms to above mentioned operating income. Business restructuring expenses are shown as non-operating expenses.
3. R&D expenditures include elements spent on quality improvements, which constitute manufacturing costs.
4. U.S. dollar amounts are translated from yen at the rate of ¥94=U.S.$1, the approximate rate on the Tokyo Foreign Exchange Market on March 31, 2013.
5. The Company has 162 consolidated subsidiaries and 39 equity-method companies as of March 31, 2013.
6. For the year ended March 31, 2010, the Company applies FASB ASC Topic 810 "Consolidation". Due to the adoption of ASC Topic 810, "Net Income" is renamed "Net income attributable to Mitsubishi Electric Corp.". Also, income before income taxes includes equity in earnings (losses) of affiliated companies, while excluding net income attributable to noncontrolling interests. Consequently, the Company has reclassified the figures for all prior periods.
7. For the years ended March 31, 2013, 2012, and 2011, data for diluted net income per share attributable to Mitsubishi Electric Corp. is not included in the above table as no dilutive securities existed.

Financial Review

OVERVIEW

Fiscal 2013, the year ended March 31, 2013, saw the business environment continue to suffer under difficult conditions. Despite a weakening in the yen from the latter half of the third quarter, and generally firm trends in the United States and newly emerging countries, this harsh business environment was largely attributable to the economic downturn in Europe, slower rates of growth in China, and longer than expected delays in Japan's recovery.

Under these circumstances, the Mitsubishi Electric Group placed greater emphasis than ever before on promoting growth strategies rooted in its own advantages as well as on Group efforts undertaken to date to boost its competitiveness and strengthening its business structure.

As a result, in fiscal 2013, the Mitsubishi Electric Group recorded net sales of ¥3,567.2 billion and operating income of ¥152.1 billion. After recording the payment of ¥75.7 billion as a non-operating expense for the refund of overcharged expenses to certain parties in the electronic systems business, income before income taxes came to ¥65.1 billion. Net income attributable to Mitsubishi Electric Corporation was ¥69.5 billion for the fiscal year under review.

Net Sales

The Mitsubishi Electric Group recorded decreases in sales in the following business segments: Industrial Automation Systems, Electronic Devices, Home Appliances, and Other. In the fiscal year under review, consolidated net sales fell by ¥72.3 billion year on year to ¥3,567.2 billion.

Cost of Sales, Expenses and Operating Income

The cost of sales decreased by ¥24.6 billion compared with the previous fiscal year to ¥2,604.4 billion, representing 73.0% of total net sales, an increase of 0.8 of a percentage point. Selling, general and administrative (SG&A) expenses together with research and development (R&D) expenses totaled ¥806.4 billion, up ¥25.1 billion year on year. As a result, the ratio of SG&A and R&D expenses to net sales increased by 1.1 percentage points year on year to 22.6%. Loss on impairment of long-lived assets increased by ¥0.5 billion year on year to ¥4.3 billion.

Accounting for the aforementioned factors, operating income amounted to ¥152.1 billion, a decline of ¥73.3 billion compared with the previous fiscal year. This decrease was primarily attributable to lower income in the Industrial Automation Systems, Information and Communications Systems, Electronic Devices, Home Appliances, and Other business segments.

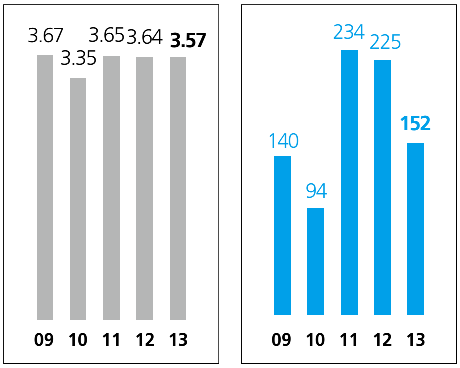
Non-Operating Income and Expenses

Financial income, the sum of interest and dividend income less interest expenses, amounted to ¥1.2 billion, a decrease of ¥0.3 billion year on year.

Equity in losses of affiliated companies totaled ¥14.6 billion, an increase of ¥11.3 billion compared with the previous fiscal year.

Other income grew by ¥3.2 billion to ¥25.4 billion year on year due primarily to increases in exchange gains and gains on the sale of assets. Other expenses climbed by ¥77.2 billion year on year to ¥98.9 billion because of such factors as the recording of ¥75.7 billion as a non-operating expenses for the refund of overcharged expenses to certain parties in the electronic systems business.

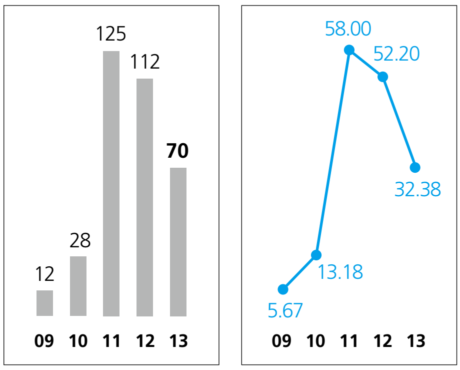
Net sales / Operating income



Net sales (Yen in trillions)

Operating income (Yen in billions)

Net income attributable to Mitsubishi Electric Corp. / Basic net income per share attributable to Mitsubishi Electric Corp.



Net income attributable to Mitsubishi Electric Corp. (Yen in billions)

Basic net income per share attributable to Mitsubishi Electric Corp. (Yen)

Income before Income Taxes

Income before income taxes decreased by ¥158.9 billion compared with the previous fiscal year to ¥65.1 billion, for a ratio to net sales of 1.8%. This is largely attributable to the aforementioned downturn in operating income and deterioration in non-operating income and expenses.

Net Income Attributable to Mitsubishi Electric Corp.

Net income attributable to Mitsubishi Electric Corp. fell by ¥42.5 billion year on year to ¥69.5 billion (a ratio to net sales of 1.9%). Despite the drop in tax expenses and other factors, this decline was largely due to the drop in income before income taxes.

Business Risks

The Mitsubishi Electric Group engages in the development, manufacture and sale of products in the Energy and Electric Systems, Industrial Automation Systems, Information and Communication Systems, Electronic Devices, Home Appliances and Other business fields in Japan as well as North America, Europe, Asia and other overseas regions. As a result, the Group's financial standing and business performance may be affected by a variety of factors.

Factors that may affect the financial standing and business performance of the Mitsubishi Electric Group include but are not limited to the following. As such, additional factors may arise at any given time.

(1) Important trends
The Mitsubishi Electric Group's operations may be affected by trends in the global economy, social conditions, laws, tax codes and regulations.

(2) Foreign currency exchange rates
Fluctuations in foreign currency markets may affect Mitsubishi Electric's sales of exported products and purchases of imported materials that are denominated in U.S. dollars or euros, as well as its Asian production bases' sales of exported products and purchases of imported materials that are denominated in foreign currencies.

(3) Stock markets
A fall in stock market prices may cause Mitsubishi Electric to record devaluation losses on marketable securities or cause an increase in retirement benefit obligations in accordance with a decline in the fair value of pension assets.

(4) Supply/demand balance for products and procurement conditions for materials and components
A decline in prices and shipments due to changes in the supply/demand balance as well as an increase in costs due to a worsening of material and component procurement conditions may adversely affect the Mitsubishi Electric Group's performance.

(5) Fund raising
An increase in interest rates, the yen interest rate in particular, would increase Mitsubishi Electric's interest expenses.

(6) Significant intellectual property matters
Important patent filings, licensing, copyrights and patent-related disputes may adversely affect related businesses.

(7) Environmental legislation or relevant issues
Mitsubishi Electric may incur losses or expenses owing to changes in environmental legislation or the occurrence of environmental issues. Such changes in legislation or the occurrence of environmental issues may also affect the Group's overall operations, including manufacturing activities.

(8) Flaws or defects in products or services
Mitsubishi Electric may incur losses or expenses relating to flaws or defects in products or services. A decrease in the general assessment of the quality of Group products and services may also impact overall operations.

(9) Lawsuits and other legal proceedings
Lawsuits and/or other legal proceedings against the Mitsubishi Electric Group may affect its overall operations.

(10) Disruptive changes
Disruptive changes in the technology, development and manufacturing of products using new technology and timing of market introduction may adversely affect the Mitsubishi Electric Group's performance.

(11) Business restructuring
The Mitsubishi Electric Group may record losses due to restructuring measures.

(12) Natural disasters
The Mitsubishi Electric Group's operations, particularly manufacturing activities, may be affected by the occurrence of earthquakes, typhoons, tsunami, fires and other large-scale disasters.

(13) Other significant factors
The Mitsubishi Electric Group's operations may be affected by the outbreak of social or political upheaval due to terrorism, war, pandemic by new strains of influenza and other diseases, or other factors.

RESULTS BY BUSINESS SEGMENT

Net Sales by Business Segment

Years ended March 31	2013	2012	2011	2010	2009	2013
	Yen (millions)					U.S. dollars (thousands)
Energy and Electric Systems	**¥1,058,177**	¥1,027,115	¥1,027,749	¥1,039,669	¥1,043,633	**$11,257,202**
Industrial Automation Systems	**927,857**	978,380	927,002	733,132	851,688	**9,870,819**
Information and Communication Systems	**522,422**	516,354	487,915	526,161	582,146	**5,557,681**
Electronic Devices	**164,065**	200,799	175,910	138,985	166,969	**1,745,372**
Home Appliances	**821,298**	849,274	924,478	824,679	915,710	**8,737,213**
Others	**590,366**	611,619	609,416	552,981	596,091	**6,280,490**
Subtotal	**4,084,185**	4,183,541	4,152,470	3,815,607	4,156,237	**43,448,777**
Eliminations	**(517,001)**	(544,073)	(507,139)	(462,309)	(491,118)	**(5,500,011)**
Consolidated total	**¥3,567,184**	¥3,639,468	¥3,645,331	¥3,353,298	¥3,665,119	**$37,948,766**

Operating Income (Loss) by Business Segment

Years ended March 31	2013	2012	2011	2010	2009	2013
	Yen (millions)					U.S. dollars (thousands)
Energy and Electric Systems	**¥ 85,140**	¥ 84,920	¥ 83,055	¥ 74,727	¥ 74,539	**$ 905,745**
Industrial Automation Systems	**60,592**	101,192	100,089	26,138	49,934	**644,596**
Information and Communication Systems	**1,591**	21,312	13,743	18,672	24,869	**16,925**
Electronic Devices	**(5,580)**	3,585	5,901	(7,141)	(29,807)	**(59,362)**
Home Appliances	**19,300**	22,358	42,008	4,809	34,706	**205,319**
Others	**18,790**	20,348	14,475	3,204	12,341	**199,894**
Subtotal	**179,833**	253,715	259,271	120,409	166,582	**1,913,117**
Eliminations	**(27,738)**	(28,271)	(25,510)	(26,107)	(26,854)	**(295,085)**
Consolidated total	**¥152,095**	¥225,444	¥233,761	¥ 94,302	¥139,728	**$1,618,032**

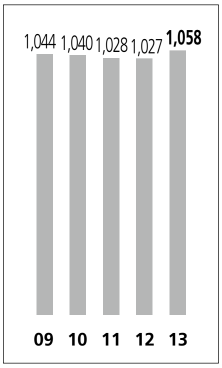
Energy and Electric Systems

The social infrastructure systems business saw a decrease in orders compared with the previous fiscal year due mainly to lower demand as reconstruction demand, which had surged in fiscal 2012 following the Great East Japan Earthquake, declined. Nevertheless, overall sales were virtually unchanged from the previous fiscal year largely due to an increase in power generation business activities worldwide.

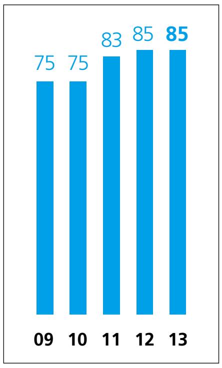
The building systems business experienced increases in both orders and sales compared with the previous fiscal year, owing to growth in modernization-related demand for elevators and escalators in Japan as well as for new installations overseas, mainly in China.

As a result, total sales in the Energy and Electric Systems segment amounted to ¥1,058.2 billion, up 3% compared with the previous fiscal year. Operating income increased by ¥0.2 billion year on year to ¥85.1 billion mainly due to higher sales.

Net sales and Operating income of Energy and Electric Systems



Net sales (Yen in billions)



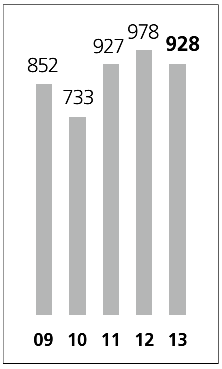
Operating income (Yen in billions)

Industrial Automation Systems

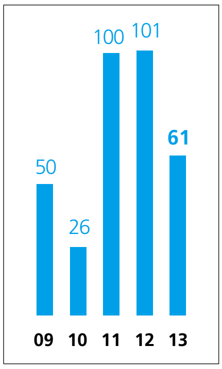
The factory automation systems business saw decreases in both orders and sales compared with the previous fiscal year owing to lower capital expenditures, including in areas related to semiconductors and flat panel displays in China, South Korea, and Taiwan.

The automotive equipment business recorded a decrease in orders due to the slump in new automobile sales in Europe and a drop in sales by Japanese automobile manufacturers in China. Overall sales were unchanged from the previous fiscal year, however, reflecting market recovery in North America and the steady market support provided by eco-car subsidies in Japan.

Net sales and Operating income of Industrial Automation Systems



Net sales (Yen in billions)



Operating income (Yen in billions)

As a result, total sales in the Industrial Automation Systems segment amounted to ¥927.9 billion, down 5% compared with the previous fiscal year. Operating income decreased by ¥40.6 billion year on year to ¥60.6 billion due primarily to the decline in sales.

Information and Communication Systems

The telecommunications equipment business experienced increases in both orders and sales compared with the previous fiscal year mainly because of higher demand for communications infrastructure equipment.

The information systems and services business saw no change in sales compared with the previous fiscal year as growth in the system integration business was offset by a decline in the IT infrastructure service business.

The electronic systems business recorded a year-on-year increase in orders due primarily to a large order received for the space systems business. In contrast, sales decreased compared with the previous fiscal year owing to a decline in the electronics business.

As a result, total sales in the Information and Communication Systems segment amounted to ¥522.4 billion, up 1% compared with the previous fiscal year. Operating income decreased by ¥19.7 billion year on year to ¥1.6 billion due primarily to an increase in costs and a decrease in electronic systems business sales.

Electronic Devices

The semiconductor business saw decreases in both orders and sales compared with the previous fiscal year due mainly to a decline in demand for industrial-, consumer- and railcar-use power modules.

The LCD module business experienced increases in both orders and sales year on year amid higher demand for industrial-use products.

As a result, total sales in the Electronic Devices segment totaled ¥164.1 billion, down 18% compared with the previous fiscal year. This segment incurred an operating loss of ¥5.6 billion, a negative year on year turnaround of ¥9.2 billion, mainly because of the drop in sales.

Home Appliances

The home appliances business experienced a 3% decrease in sales compared with the previous fiscal year to ¥821.3 billion. Despite an increase in air conditioning products in Asian countries, this result is largely attributable to the substantial decline in demand for LCD televisions and Blu-ray disc recorders in the Japanese market.

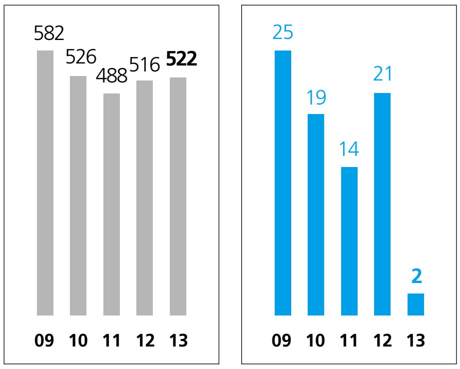
Operating income fell by ¥3.1 billion year on year to ¥19.3 billion due primarily to the drop in sales.

Others

Net sales amounted to ¥590.4 billion, a decrease of 3% compared with the previous fiscal year. This decline largely reflected weak results at affiliated companies involved in materials procurement and logistics.

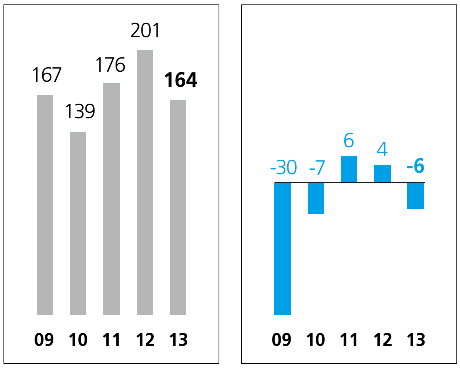
Operating income decreased by ¥1.6 billion year on year to ¥18.8 billion, largely because of lower sales.

Net sales and Operating income of Information and Communication Systems



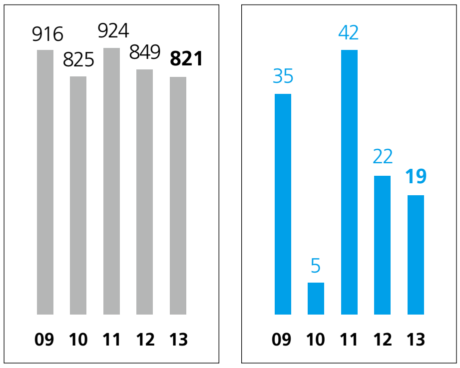
Net sales (Yen in billions)
Operating income (Yen in billions)

Net sales and Operating income (loss) of Electronic Devices



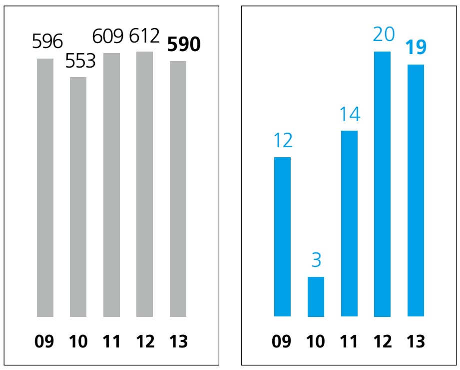
Net sales (Yen in billions)
Operating income (loss) (Yen in billions)

Net sales and Operating income of Home Appliances



Net sales (Yen in billions)
Operating income (Yen in billions)

Net sales and Operating income of Others



Net sales (Yen in billions)
Operating income (Yen in billions)

RESULTS BY GEOGRAPHIC SEGMENT

Net Sales by Geographic Segment

Years ended March 31	2013	2012	2011	2010	2009	2013
	Yen (millions)					U.S. dollars (thousands)
Japan	**¥3,064,014**	¥3,186,719	¥3,176,605	¥2,886,502	¥3,178,807	**$32,595,894**
North America	**248,105**	222,543	229,958	205,713	240,589	**2,639,415**
Asia (excluding Japan)	**624,724**	582,888	583,827	445,722	461,549	**6,646,000**
Europe	**289,933**	309,997	293,952	282,822	321,501	**3,084,394**
Others	**40,255**	40,184	38,200	33,140	34,107	**428,244**
Eliminations	**(699,847)**	(702,863)	(677,211)	(500,601)	(571,434)	**(7,445,181)**
Consolidated total	**¥3,567,184**	¥3,639,468	¥3,645,331	¥3,353,298	¥3,665,119	**$37,948,766**

Operating Income (Loss) by Geographic Segment

Years ended March 31	2013	2012	2011	2010	2009	2013
	Yen (millions)					U.S. dollars (thousands)
Japan	**¥116,923**	¥179,452	¥177,354	¥49,673	¥ 89,293	**$1,243,862**
North America	**(1,744)**	3,339	1,363	5,531	(3,599)	**(18,553)**
Asia (excluding Japan)	**36,172**	34,220	43,734	27,337	32,072	**384,808**
Europe	**4,527**	6,319	7,830	3,091	10,727	**48,160**
Others	**2,209**	3,905	4,329	1,949	1,020	**23,500**
Eliminations	**(5,992)**	(1,791)	(849)	6,721	10,215	**(63,745)**
Consolidated total	**¥152,095**	¥225,444	¥233,761	¥94,302	¥139,728	**$1,618,032**

Japan

Sales totaled ¥3,064.0 billion, down 4% compared with the previous fiscal year. This largely reflected the downturn in sales in the factory automation systems, semiconductor and visual equipment businesses. Operating income declined by ¥62.5 billion to ¥116.9 billion.

North America

Sales increased by 11% year on year to ¥248.1 billion primarily due to higher sales in the transportation systems, automotive equipment and air conditioning equipment businesses. However, Mitsubishi Electric incurred an operating loss in its operations in North America totaling ¥1.7 billion, a deterioration of ¥5.1 billion year on year. This was mainly due to the drop in visual equipment prices and sales.

Asia (excluding Japan)

Sales totaled ¥624.7 billion, up 7% compared with the previous fiscal year mainly because of higher sales in elevators and escalators, automotive equipment and air conditioners. Operating income increased by ¥2.0 billion to ¥36.2 billion.

Europe

Sales decreased by 6% year on year to ¥289.9 billion mainly because of lower sales in the semiconductor and air conditioning equipment businesses. Operating income declined by ¥1.8 billion to ¥4.5 billion.

Others

Sales in other regions, including figures for Mitsubishi Electric's Australian subsidiary, amounted to ¥40.3 billion, while operating income was ¥2.2 billion.

RESEARCH AND DEVELOPMENT

R&D Expenditures

Years ended March 31	2013	2012	2011	2010	2009 Yen (billions)	2013 U.S. dollars (millions)
Energy and Electric Systems	**¥ 29.8**	¥ 30.5	¥ 27.1	¥ 23.5	¥ 24.0	**$ 317.6**
Industrial Automation Systems	**58.9**	54.9	45.0	34.7	37.8	**627.2**
Information and Communication Systems	**16.5**	16.2	14.9	12.5	15.1	**175.2**
Electronic Devices	**8.3**	9.4	8.6	7.3	8.3	**88.1**
Home Appliances	**30.9**	30.4	30.7	29.6	32.4	**328.6**
Others	**27.8**	28.3	25.5	26.1	26.9	**295.4**
Consolidated total	**¥172.2**	¥169.7	¥151.8	¥133.8	¥144.4	**$1,832.1**

Note: Figures for each segment and the consolidated total are rounded to the nearest unit.

The Mitsubishi Electric Group actively promotes R&D initiatives that cover fundamental and advanced applications as well as product commercialization and manufacturing technologies. Carrying out these initiatives are various Group facilities, including corporate laboratories in Japan and laboratories in the United States and Europe as well as the R&D departments of factories and consolidated subsidiaries. Moreover, we pursue advanced and wide-ranging R&D activities in partnership with universities and research institutions both in Japan and overseas.

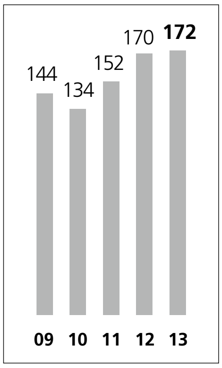
In fiscal 2013, total R&D expenditures, including quality improvement expenses constituting manufacturing costs, amounted to ¥172.2 billion. Mitsubishi Electric reports R&D activities by business segment according to purpose, type, result and expenditure.

In the Energy and Electric Systems segment, our research is directed at boosting the competitiveness of such core products as rotating machines for generators, electric motors and other machinery, switches and transformers; other power transmission/distribution/reception equipment and systems; transportation systems; and elevators and escalators. Other R&D areas include IT-application systems for supervision and control, power information systems and building management systems. Notable among Mitsubishi Electric's recent R&D achievements are SiC auxiliary power supply systems for railcars; Station Energy Saving Inverter (S-EIV) and verification of the Trainnet, JR EAST Yamanote Line information providing system on board; Static Synchronous Compensator (STATCOM) boasting the world's largest capacity; 72/84kV dead tank type vacuum circuit breaker; MELPRO-CHARGE2, a new digital protection relay; radiation monitoring system; Facima BA-system touch, building automation system; and, SiC elevator control panel. R&D expenditures in this segment totaled ¥29.8 billion.

In the Industrial Automation Systems segment, R&D activities are aimed at enhancing the competitiveness of our lineup, which includes motors and related products; mechatronics equipment; FA control equipment and systems; automotive electric and electronic components, including electric power steering (EPS) and related products; and car multimedia systems. Mitsubishi Electric's important R&D successes encompass MELSEC-Q Series C Controller; MS-T Contactor and Motor Starter Series; industrial smart meters; CNC drive units; MX600, oil wire-cut electrical discharge machine; ML3015NX-F, 2-dimensional fiber laser processing systems; EV-based smart grid system verification; stepped up joint development in collaboration with Volvo Car Corporation in the automotive equipment field; DIATONE SOUND. NAVI, high-end audio and car navigation system; and, a ninth-generation alternator contributing to the more effective utilization of regenerative energy. R&D expenditures in this segment totaled ¥58.9 billion.

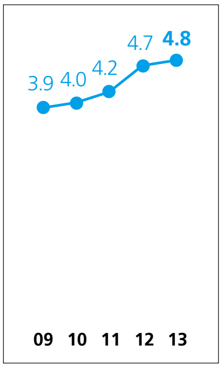
In the Information and Communication Systems segment, Mitsubishi Electric pursues research related to the development of information and communication technology (ICT) systems, which include network systems for telecommunication operators and network solutions equipment, as well as space systems, including satellites, ground systems and large telescopes. Notable R&D successes for Mitsubishi Electric include a 100Gbps long distance transmission technology; a base transceiver station for 3G/LTE dual femtocell wireless communication systems; the completion of upgrades of the India-Middle East-Western Europe (IMEWE) Cable Network's submarine cable network applying 40 gigabit per second (Gbps) dense wavelength division multiplexing (DWDM) technology; MELOOKμ+, digital CCTV system; an optical transceiver for 10G-EPON system; new products in the MistyGuard SignedPDF®*1 Series of electronic signature solu-

R&D expenditures



R&D expenditures (Yen in billions)

R&D expenditures ratio



R&D expenditures / Net sales (%)

tions; Melphin®*2/DUO, pharmacy system; DIASMILE®*3, cloud-based ID management service; DeviCERT®*4, electronic certificate issuing service for smart devices; and, HANBAI-SHINAN Ver3.5, sales management system. R&D expenditures in this segment totaled ¥16.5 billion.

In the Electronic Devices segment, our R&D focuses on semiconductor and other electronic devices that are themselves vital components used in all our business segments. Major R&D achievements include the sixth-generation MPD series of IGBT modules; SiC power semiconductor modules; MOSFET-type super-mini DIPIPM; Ku-band 50W GaN HEMT for satellite earth stations; a low-noise, small-package amplifier for GPS in mobile devices; a compact 40Gbps Electro-absorption Modulator with Laser diode-Transmitter Optical Sub Assembly (EML-TOSA) for optical transmissions; and, the DIAFINE®*5 Mitsubishi color TFT-LCD modules with projected capacitive touch panels for industrial application. R&D expenditures in this segment totaled ¥8.3 billion.

In the Home Appliances segment, Mitsubishi Electric is engaged in the development of products in such wide-ranging fields as air conditioning equipment, kitchen appliances,vacuum cleaners, lighting, visual information systems, electronic housing products and photovoltaic systems. Major R&D achievements include hybrid type KIRIGAMINE room air conditioners with built-in smart stop system; Smart Cube refrigerators with thin-insulated structure and high capacity; FUJIN TC-ZXC Series, compact cyclone vacuum cleaners; REAL LASERVUE LCD TV, with a built-in red laser backlight reproducing more vivid and higher color quality reproduction; MILIE, a new LED lighting brand; power control technologies and conditioners offering the industry's first*6 PV-EV Linked HEMS; and, new product groups that incorporate the total concept of "smart quality" using smart (intelligent, connected and economical) technologies. R&D expenditures in this segment totaled ¥30.9 billion.

In Others, fundamental technology R&D that benefits the entire Group is carried out at the Corporate Research and Development Group and the Corporate Total Productivity Management & Environmental Programs Group research centers, which strive to enhance Group competitiveness and create new businesses. In our main areas of R&D we have developed radar satellite for high-resolution land observation; efficient, high-performance technology for air conditioners (design harmonized with energy-saving technology); cost reduction of large-capacity traction machines for high-speed elevators and expansion of products lineup; and, chromaticity systems for LED lighting devices. R&D expenditures in this area amounted to ¥27.8 billion.

*1. SignedPDF is a registered trademark of Mitsubishi Electric Information Systems Corporation
*2. Melphin is a registered trademark of Mitsubishi Electric Information Systems Corporation
*3. DIASMILE is a registered trademark of Mitsubishi Electric Information Technology Corporation
*4. DeviCERT is a registered trademark of Japan Net Corporation
*5. DIAFINE is a registered trademark of Mitsubishi Shindoh Co., Ltd.: Mitsubishi Electric is licensed to use this technology for a term of 10 years from January 17, 2008
*6. Mitsubishi Electric survey as of May 15, 2012

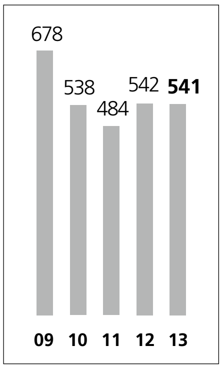
FINANCIAL POSITION

Total assets amounted to ¥3,410.4 billion as of March 31, 2013, an increase of ¥18.8 billion compared with the previous fiscal year-end. Cash and cash equivalents fell by ¥93.3 billion. The total amount of trade receivables and long-term trade receivables increased by ¥25.3 billion. The balance of inventory climbed ¥14.6 billion. Against the backdrop of capital investment, property, plant and equipment grew by ¥46.2 billion.

Under liabilities, the outstanding balance of debt and corporate bonds fell by ¥1.7 billion compared with the end of the previous fiscal year to ¥540.6 billion. As a result, the ratio of interest-bearing debt to total assets was 15.9%, a decrease of 0.1 of a percentage point year on year. Trade payables declined by ¥47.5 billion. At the same time, retirement and severance benefits fell by ¥117.1 billion largely because of an increase in pension plan assets in line with higher share prices. As a result of these and other factors, total liabilities dropped by ¥157.2 billion to ¥2,043.4 billion.

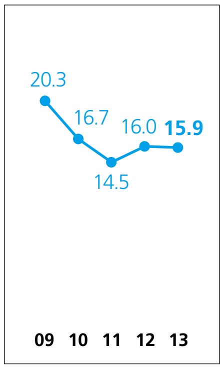
Mitsubishi Electric Corp. shareholders' equity rose by ¥167.6 billion compared with the previous fiscal year-end to ¥1,300.1 billion and the ratio of Mitsubishi Electric Corp. shareholders' equity to total assets was 38.1%, up 4.7 percentage points year on year. Despite the decrease attributable to the payment of cash dividends totaling ¥23.6 billion, this increase was largely the result of the net income attributable to Mitsubishi Electric Corp. amounting to ¥69.5 billion for the fiscal year under review and the increase in accumulated other comprehensive income of ¥122.1 billion reflecting such factors as the weak yen and upswing in share prices.

Interest-bearing debt



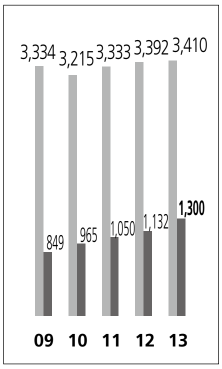
Interest-bearing debt (Yen in billions)

Debt ratio



Interest-bearing debt / Total assets (%)

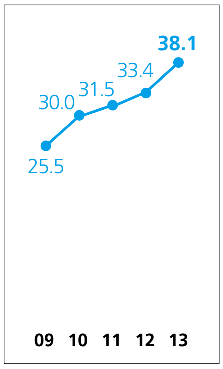
Total assets / Mitsubishi Electric Corp. shareholders' equity



Total assets (Yen in billions)

Mitsubishi Electric Corp. shareholders' equity (Yen in billions)

Shareholders' equity ratio



Shareholders' equity ratio (%)

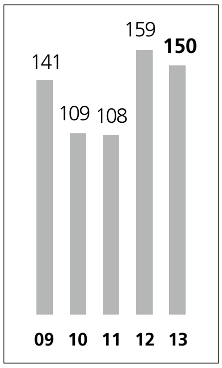
CAPITAL EXPENDITURES

In line with its policy of improving performance by implementing the Balanced Corporate Management Policy while pursuing further growth, the Mitsubishi Electric Group aims to realize its growth strategies as it increases profitability. To that end, the Group directed its capital investment mainly toward the areas of energy and electric systems, factory automation equipment, automotive products, power devices and air conditioning equipment. At the same time the Group continued to reinforce its solid business platform through the careful selection and concentration of investments.

On an individual business segment basis, investments were made in Energy and Electric Systems (including power systems, electric equipment for rolling stock and elevators/escalators) aimed at increasing production capacity, streamlining and enhancing quality. In Industrial Automation, capital expenditures were used primarily for boosting production capacity for factory automation systems and automotive equipment operations. In Information and Communication Systems, funds were appropriated for bolstering research and development capabilities, while in Electronic Devices, Mitsubishi Electric directed investment mainly toward augmenting production in the power device business. In Home Appliances, expenditures focused largely on increasing the air-conditioning equipment production capacity, streamlining operations and enhancing quality. In Common and Others, investments mainly went toward boosting research and development capabilities.

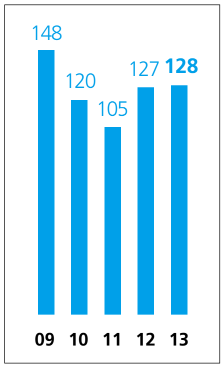
Capital expenditures are derived from cash on hand and funds from operations. During the consolidated fiscal year under review, production capacity was not materially affected by the sale, disposal, damage or loss due to natural disaster of property, plant and equipment.

Capital expenditures



Capital expenditures (Yen in billions)

Depreciation



Depreciation (Yen in billions)

CASH FLOWS

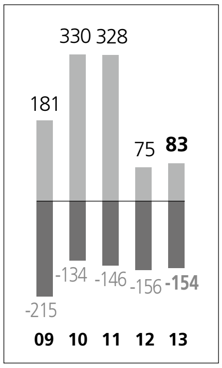
In the year ended March 31, 2013, net cash provided by operating activities amounted to ¥82.8 billion, while net cash used in investing activities was ¥153.7 billion. As a result, free cash flow was an outflow of ¥70.9 billion, down ¥10.0 billion from the outflow recorded in the previous fiscal year. Taken into account along with net cash used in financing activities of ¥41.2 billion, fiscal year-end cash and cash equivalents amounted to ¥298.9 billion, a decrease of ¥93.3 billion year on year.

Net cash provided by operating cash flows increased by ¥7.6 billion compared with the previous fiscal year to ¥82.8 billion. Although net income attributable to Mitsubishi Electric Corp. and deferred income taxes declined, a recovery of trade notes and accounts receivable supported the increase.

Net cash used in investing activities decreased by ¥2.5 billion year on year to ¥153.7 billion. During the period under review, loans receivable increased. Other major movements included an increase in proceeds from sale of short-term investments and investment securities as well as the decrease in capital expenditure.

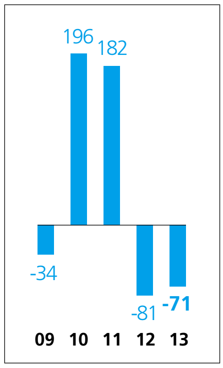
Net cash used in financing activities was ¥41.2 billion. This represented a ¥48.2 billion turnaround from the inflow recorded in the previous fiscal year. The principal component was repayment of debt.

Cash flows



Net cash provided by operating activities (Yen in billions)

Net cash used in investing activities (Yen in billions)



Free cash flows (Yen in billions)

Consolidated Balance Sheets

Mitsubishi Electric Corporation and Subsidiaries
March 31, 2013 and 2012

	Yen (millions) 2013	Yen (millions) 2012	U.S. dollars (thousands) (note 2) 2013
Assets			
Current assets:			
Cash and cash equivalents	**¥ 298,881**	¥ 392,181	**$ 3,179,585**
Short-term investments (notes 3, 17 and 18)	**812**	2,995	**8,638**
Trade receivables (notes 4, 6 and 15)	**974,505**	950,736	**10,367,074**
Inventories (note 5)	**590,735**	576,179	**6,284,415**
Prepaid expenses and other current assets (notes 9, 14 and 18)	**279,327**	275,293	**2,971,564**
Total current assets	**2,144,260**	2,197,384	**22,811,276**
Long-term receivables and investments:			
Long-term trade receivables (note 17)	**2,521**	1,017	**26,819**
Investments in securities and other (notes 3, 14, 17 and 18)	**242,271**	240,463	**2,577,351**
Investments in and advances to affiliated companies (note 6)	**181,285**	179,039	**1,928,564**
Total long-term receivables and investments	**426,077**	420,519	**4,532,734**
Property, plant and equipment (notes 7, 18, 19 and 20)**:**			
Land	**105,449**	102,298	**1,121,798**
Buildings	**659,411**	624,495	**7,015,010**
Machinery and equipment	**1,637,682**	1,541,239	**17,422,149**
Construction in progress	**50,813**	41,365	**540,564**
	2,453,355	2,309,397	**26,099,521**
Less accumulated depreciation	**1,850,355**	1,752,552	**19,684,627**
Net property, plant and equipment	**603,000**	556,845	**6,414,894**
Other assets (notes 9, 10 and 18)	**237,073**	216,903	**2,522,053**
Total assets	**¥3,410,410**	¥3,391,651	**$36,280,957**

See accompanying notes to consolidated financial statements.

	Yen (millions) 2013	2012	U.S. dollars (thousands) (note 2) 2013
Liabilities and Equity			
Current liabilities:			
Bank loans (note 7)	**¥ 131,837**	¥ 111,670	**$ 1,402,521**
Current portion of long-term debt (notes 7, 17 and 20)	**103,081**	88,832	**1,096,606**
Trade payables (notes 6 and 8)	**652,718**	700,262	**6,943,809**
Accrued expenses (note 16)	**335,858**	350,740	**3,572,957**
Accrued income taxes (note 9)	**11,919**	15,866	**126,798**
Other current liabilities (notes 10, 14 and 18)	**190,346**	166,131	**2,024,958**
Total current liabilities	**1,425,759**	1,433,501	**15,167,649**
Long-term debt (notes 7, 17 and 20)	**305,654**	341,789	**3,251,638**
Retirement and severance benefits (note 10)	**254,977**	372,082	**2,712,521**
Other liabilities (notes 9, 14, 16 and 18)	**57,029**	53,259	**606,692**
Total liabilities	**2,043,419**	2,200,631	**21,738,500**
Mitsubishi Electric Corp. shareholders' equity			
Common stock (note 11):			
Authorized 8,000,000,000 shares;			
issued 2,147,201,551 shares in 2013 and in 2012	**175,820**	175,820	**1,870,426**
Capital surplus (note 11)	**205,945**	206,343	**2,190,904**
Legal reserve	**61,406**	61,040	**653,255**
Retained earnings	**950,621**	905,086	**10,112,990**
Accumulated other comprehensive			
income (loss) (notes 3, 9, 10, 12 and 14)	**(93,487)**	(215,603)	**(994,543)**
Treasury stock, at cost			
306,490 shares in 2013 and			
285,390 shares in 2012	**(235)**	(221)	**(2,500)**
Total Mitsubishi Electric Corp. shareholders' equity	**1,300,070**	1,132,465	**13,830,532**
Noncontrolling interests	**66,921**	58,555	**711,925**
Total equity	**1,366,991**	1,191,020	**14,542,457**
Commitments and contingent liabilities (note 16)			
Total liabilities and equity	**¥3,410,410**	¥3,391,651	**$36,280,957**

Consolidated Statements of Income

Mitsubishi Electric Corporation and Subsidiaries
Years ended March 31, 2013, 2012 and 2011

	Yen (millions)			U.S. dollars (thousands) (note 2)
	2013	2012	2011	**2013**
Revenues:				
Net sales (note 6)	**¥3,567,184**	¥3,639,468	¥3,645,331	**$37,948,766**
Interest and dividends (note 6)	**7,742**	8,332	8,162	**82,361**
Other (notes 3, 12, 14 and 19)	**25,361**	22,196	28,035	**269,798**
Total revenues	**3,600,287**	3,669,996	3,681,528	**38,300,925**
Costs and expenses:				
Cost of sales (notes 10 and 20)	**2,604,360**	2,628,964	2,622,959	**27,705,957**
Selling, general and administrative (notes 10, 19 and 20)	**648,890**	625,283	645,779	**6,903,085**
Research and development	**157,522**	155,995	138,827	**1,675,766**
Loss on impairment of long-lived assets (notes 18 and 19)	**4,317**	3,782	4,005	**45,926**
Interest	**6,507**	6,818	7,749	**69,223**
Equity in losses of affiliated companies (note 6)	**14,619**	3,366	20,285	**155,521**
Other (notes 3, 12, 14, 15, 16 and 19)	**98,931**	21,708	31,687	**1,052,458**
Total costs and expenses	**3,535,146**	3,445,916	3,471,291	**37,607,936**
Income before income taxes	**65,141**	224,080	210,237	**692,989**
Income taxes (note 9)**:**				
Current	**23,490**	42,187	54,309	**249,893**
Deferred	**(32,999)**	63,628	22,788	**(351,053)**
	(9,509)	105,815	77,097	**(101,160)**
Net income	**74,650**	118,265	133,140	**794,149**
Net income attributable to noncontrolling interests	**5,133**	6,202	8,615	**54,606**
Net income attributable to Mitsubishi Electric Corp.	**¥ 69,517**	¥ 112,063	¥ 124,525	**$ 739,543**

Net income per share attributable to Mitsubishi Electric Corp. (note 13)**:**

	Yen			U.S. dollars (note 2)
Basic	**¥32.38**	¥52.20	¥58.00	**$0.344**
Diluted	**—**	—	—	**—**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

Mitsubishi Electric Corporation and Subsidiaries
Years ended March 31, 2013, 2012 and 2011

	Yen (millions)			U.S. dollars (thousands) (note 2)
	2013	2012	2011	**2013**
Net income	**¥ 74,650**	¥118,265	¥133,140	**$ 794,149**
Other comprehensive income (loss), net of tax (note 12)**:**				
Foreign currency translation adjustments	**66,592**	(8,843)	(21,213)	**708,426**
Pension liability adjustments (note 10)	**47,633**	2,234	9,284	**506,734**
Unrealized gains (losses) on securities (note 3)	**14,845**	6,298	(10,679)	**157,926**
Unrealized gains (losses) on derivative instruments (note 14)	**43**	54	(183)	**457**
Total	**129,113**	(257)	(22,791)	**1,373,543**
Comprehensive income	**203,763**	118,008	110,349	**2,167,692**
Comprehensive income attributable to noncontrolling interests	**12,130**	5,629	5,234	**129,043**
Comprehensive income attributable to Mitsubishi Electric Corp.	**¥191,633**	¥112,379	¥105,115	**$2,038,649**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Equity

Mitsubishi Electric Corporation and Subsidiaries
Years ended March 31, 2013, 2012 and 2011

Yen (millions)

	Common stock	Capital surplus	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total Mitsubishi Electric Corp. shareholders' equity	Non-controlling interests	Total equity
Balance at March 31, 2010	¥175,820	¥210,006	¥58,281	¥718,482	¥(196,509)	¥(1,496)	¥ 964,584	¥56,610	¥1,021,194
Comprehensive income (loss):									
Net income attributable to Mitsubishi Electric Corp.				124,525			124,525		124,525
Net income attributable to noncontrolling interests								8,615	8,615
Other comprehensive income (loss), net of tax (note 12):									
Foreign currency translation adjustments					(17,876)		(17,876)	(3,337)	(21,213)
Pension liability adjustments (note 10)					9,284		9,284		9,284
Unrealized gains (losses) on securities (note 3)					(10,643)		(10,643)	(36)	(10,679)
Unrealized gains (losses) on derivative instruments (note 14)					(175)		(175)	(8)	(183)
							105,115	5,234	110,349
Transfer to legal reserve			942	(942)			—		—
Equity transactions with noncontrolling interests and other		(1,516)					(1,516)	(3,159)	(4,675)
Dividends paid to Mitsubishi Electric Corp. shareholders' equity				(19,315)			(19,315)		(19,315)
Purchase of treasury stock						(46)	(46)		(46)
Reissuance of treasury stock		179				1,339	1,518		1,518
Balance at March 31, 2011	¥175,820	¥208,669	¥59,223	¥822,750	¥(215,919)	¥ (203)	¥1,050,340	¥58,685	¥1,109,025
Comprehensive income (loss):									
Net income attributable to Mitsubishi Electric Corp.				112,063			112,063		112,063
Net income attributable to noncontrolling interests								6,202	6,202
Other comprehensive income (loss), net of tax (note 12):									
Foreign currency translation adjustments					(8,254)		(8,254)	(589)	(8,843)
Pension liability adjustments (note 10)					2,234		2,234		2,234
Unrealized gains (losses) on securities (note 3)					6,285		6,285	13	6,298
Unrealized gains (losses) on derivative instruments (note 14)					51		51	3	54
							112,379	5,629	118,008
Transfer to legal reserve			1, 817	(1,817)			—		—
Equity transactions with noncontrolling interests and other		(2,326)					(2,326)	(5,759)	(8,085)
Dividends paid to Mitsubishi Electric Corp. shareholders' equity				(27,910)			(27,910)		(27,910)
Purchase of treasury stock						(20)	(20)		(20)
Reissuance of treasury stock						2	2		2
Balance at March 31, 2012	¥175,820	¥206,343	¥61,040	¥905,086	¥(215,603)	¥ (221)	¥1,132,465	¥58,555	¥1,191,020
Comprehensive income (loss):									
Net income attributable to Mitsubishi Electric Corp.				69,517			69,517		69,517
Net income attributable to noncontrolling interests								5,133	5,133
Other comprehensive income (loss), net of tax (note 12):									
Foreign currency translation adjustments					59,631		59,631	6,961	66,592
Pension liability adjustments (note 10)					47,633		47,633		47,633
Unrealized gains (losses) on securities (note 3)					14,803		14,803	42	14,845
Unrealized gains (losses) on derivative instruments (note 14)					49		49	(6)	43
							191,633	12,130	203,763
Transfer to legal reserve			366	(366)			—		—
Equity transactions with noncontrolling interests and other		(398)					(398)	(3,764)	(4,162)
Dividends paid to Mitsubishi Electric Corp. shareholders' equity				(23,616)			(23,616)		(23,616)
Purchase of treasury stock						(16)	(16)		(16)
Reissuance of treasury stock						2	2		2
Balance at March 31, 2013	¥175,820	¥205,945	¥61,406	¥950,621	¥ (93,487)	¥ (235)	¥1,300,070	¥66,921	¥1,366,991

U.S. dollars (thousands) (note 2)

	Common stock	Capital surplus	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total Mitsubishi Electric Corp. shareholders' equity	Non-controlling interests	Total equity
Balance at March 31, 2012	$1,870,426	$2,195,138	$649,361	$ 9,628,575	$(2,293,649)	$(2,351)	$12,047,500	$622,925	$12,670,425
Comprehensive income (loss):									
Net income attributable to Mitsubishi Electric Corp.				739,543			739,543		739,543
Net income attributable to noncontrolling interests								54,606	54,606
Other comprehensive income (loss), net of tax (note 12):									
Foreign currency translation adjustments					634,372		634,372	74,054	708,426
Pension liability adjustments (note 10)					506,734		506,734		506,734
Unrealized gains (losses) on securities (note 3)					157,479		157,479	447	157,926
Unrealized gains (losses) on derivative instruments (note 14)					521		521	(64)	457
							2,038,649	129,043	2,167,692
Transfer to legal reserve			3,894	(3,894)			—		—
Equity transactions with noncontrolling interests and other		(4,234)					(4,234)	(40,043)	(44,277)
Dividends paid to Mitsubishi Electric Corp. shareholders' equity				(251,234)			(251,234)		(251,234)
Purchase of treasury stock						(170)	(170)		(170)
Reissuance of treasury stock						21	21		21
Balance at March 31, 2013	$1,870,426	$2,190,904	$653,255	$10,112,990	$ (994,543)	$(2,500)	$13,830,532	$711,925	$14,542,457

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Mitsubishi Electric Corporation and Subsidiaries
Years ended March 31, 2013, 2012 and 2011

	Yen (millions)			U.S. dollars (thousands) (note 2)
	2013	2012	2011	**2013**
Cash flows from operating activities:				
Net income	**¥ 74,650**	¥ 118,265	¥ 133,140	**$ 794,149**
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	**127,942**	127,244	105,280	**1,361,085**
Impairment losses of property, plant and equipment	**4,014**	3,367	3,538	**42,702**
Loss (gain) from sales and disposal of property, plant and equipment, net	**(296)**	834	(463)	**(3,149)**
Deferred income taxes	**(32,999)**	63,628	22,788	**(351,053)**
Loss (gain) from sales of securities and other, net	**(2,480)**	(1,682)	(1,300)	**(26,383)**
Devaluation losses of securities and other, net	**4,828**	6,961	3,979	**51,362**
Equity in losses of affiliated companies	**14,619**	3,366	20,285	**155,521**
Decrease (increase) in trade receivables	**(49)**	(166,091)	(14,594)	**(521)**
Decrease (increase) in inventories	**16,706**	(55,737)	(65,512)	**177,723**
Decrease (increase) in other assets	**(21,241)**	(17,553)	2,493	**(225,968)**
Increase (decrease) in trade payables	**(62,549)**	9,113	66,177	**(665,415)**
Increase (decrease) in accrued expenses and retirement and severance benefits	**(63,638)**	(61,108)	(29,019)	**(677,000)**
Increase (decrease) in other liabilities	**16,787**	(7,311)	43,653	**178,585**
Other, net	**6,458**	51,884	37,196	**68,702**
Net cash provided by operating activities	**82,752**	75,180	327,641	**880,340**
Cash flows from investing activities:				
Capital expenditure	**(150,425)**	(159,346)	(107,638)	**(1,600,266)**
Proceeds from sale of property, plant and equipment	**4,792**	5,085	4,504	**50,979**
Purchase of short-term investments and investment securities	**(13,036)**	(11,766)	(51,640)	**(138,681)**
Proceeds from sale of short-term investments and investment securities	**29,088**	15,961	18,895	**309,447**
Decrease (increase) in loans receivable	**(14,398)**	90	(19)	**(153,170)**
Other, net	**(9,722)**	(6,198)	(9,732)	**(103,426)**
Net cash used in investing activities	**(153,701)**	(156,174)	(145,630)	**(1,635,117)**
Cash flows from financing activities:				
Proceeds from long-term debt	**57,003**	138,283	100	**606,415**
Repayment of long-term debt	**(90,786)**	(139,775)	(62,248)	**(965,809)**
Increase (decrease) in short-term debt, net	**19,237**	46,630	(5,114)	**204,649**
Dividends paid	**(23,616)**	(27,910)	(19,315)	**(251,234)**
Purchase of treasury stock	**(16)**	(20)	(46)	**(170)**
Reissuance of treasury stock	**2**	2	5	**21**
Other, net	**(2,977)**	(10,182)	(2,610)	**(31,670)**
Net cash provided by (used in) financing activities	**(41,153)**	7,028	(89,228)	**(437,798)**
Effect of exchange rate changes on cash and cash equivalents	**18,802**	(5,920)	(11,834)	**200,022**
Net increase (decrease) in cash and cash equivalents	**(93,300)**	(79,886)	80,949	**(992,553)**
Cash and cash equivalents at beginning of year	**392,181**	472,067	391,118	**4,172,138**
Cash and cash equivalents at end of year	**¥ 298,881**	¥ 392,181	¥ 472,067	**$ 3,179,585**

See accompanying notes to consolidated financial statements.

(1) BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Description of Business

Mitsubishi Electric Corporation (the "Company") is a multinational organization which develops, manufactures, sells and distributes a broad range of electrical and electronic equipments in the fields as diverse as home appliances and space electronics.

The Company and its subsidiaries' principal lines of business are: (1) Energy and Electric Systems, (2) Industrial Automation Systems, (3) Information and Communication Systems, (4) Electronic Devices, (5) Home Appliances and (6) Others.

Each line's sales as a percentage of total consolidated sales, before elimination of internal sales, for the year ended March 31, 2013 are as follows: Energy and Electric Systems – 26%, Industrial Automation Systems – 23%, Information and Communication Systems – 13%, Electronic Devices – 4%, Home Appliances – 20% and Others – 14%.

Majority of the operations of the Company and its subsidiaries is mainly conducted in Japan. Net sales for the year ended March 31, 2013 comprises of the following geographical locations: Japan – 66%, North America – 7%, Asia (excluding Japan) – 17%, Europe – 8% and Others – 2%.

Our manufacturing operations are conducted principally at the Parent company with 22 manufacturing sites located in Japan as well as overseas manufacturing sites located in the United States, United Kingdom, Thailand, Malaysia, China and other countries.

(b) Basis of Presentation

The Company and its subsidiaries maintain their books of account in conformity with financial accounting standards in the countries of their domicile.

The Company prepares the consolidated financial statements with reflecting the adjustments which are considered necessary to conform with accounting principles generally accepted in the United States of America.

Starting year ended March 31, 2013, the Company applies Financial Accounting Standards Board (FASB) Accounting Standards Updates (ASU) 2011-05 "Presentation of Comprehensive Income" and ASU 2011-12 "Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05" (An Amendment of Accounting Standards Codification (ASC) Topic 220 "Comprehensive Income") retrospectively for all periods presented. ASU 2011-05 eliminates the option in accounting principles generally accepted in the United States of America to present other comprehensive income in the statement of changes in equity. Under ASU 2011-05, an entity has the option to present the components of net income and comprehensive income in either one or two consecutive financial statements, and the Company applies the latter. On the other hand, though ASU 2011-05 requires entities to present separate line items for reclassification adjustments of items out of accumulated other comprehensive income into net income, the Company does not present these adjustments separately because the effective date of the requirement was deferred by the issuance of ASU 2011-12. The adoption of ASU 2011-05 and ASU 2011-12 does not have a material effect on the Company's consolidated financial position and results of operations.

(c) Consolidation

The Company prepares the consolidated financial statements including the accounts of the parent company and those of its majority-owned subsidiaries, whether directly or indirectly controlled. All significant intercompany transactions, accounts, and unrealized gains or losses have been eliminated.

Investments in corporate joint ventures and affiliated companies with the ownership interest of 20% to 50%, in which the Company does not have control, but has the ability to exercise significant influence, are accounted for by the equity method of accounting. Investments of less than 20% or where the Company does not have significant influence are accounted for by the cost method.

The Company evaluates Variable Interest Entities (VIEs) whether it has a controlling financial interest in an entity through means other than voting rights and whether it should consolidate the entity as the primary beneficiary when the Company has a controlling financial interest.

(d) Use of Estimates

The Company makes estimates and assumptions to prepare the consolidated financial statements in conformity with generally accepted accounting principles, and those estimates and assumptions affect the reported amounts of assets and liabilities as well as the disclosed amounts of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include valuation allowances for receivables, inventories and deferred tax assets; the carrying amount of property, plant and equipment; and assets and obligations related to employee benefits. Actual results could differ from those estimates.

(e) Cash and Cash Equivalents

The Company considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents for the consolidated cash flow statements.

(f) Short-Term Investments and Investment Securities

The Company classifies investments in debt and equity securities into trading, available-for-sale, or held-to-maturity securities.

Trading securities are bought and held principally for the purpose of selling them in the near term. Held-to-maturity securities are those securities in which the Company has the ability and intent to hold the security until maturity. All securities not included in trading or held-to-maturity are classified as available-for-sale.

Trading and available-for-sale securities are recorded at fair value. Held-to-maturity securities are recorded at amortized cost, adjusted for the amortization or accretion of premiums or discounts. Unrealized holding gains and losses on trading securities are included in earnings. Unrealized holding gains and losses, net of the related tax effect, on available-for-sale securities are excluded from earnings and are reported as a separate component of other comprehensive income (loss) until realized. Realized gains or losses from the sale of securities are determined on the average cost of the particular security held at the time of sale.

A decline in the fair value of any available-for-sale security below costs that is other-than-temporary results in a reduction in carrying amount to the fair value, which becomes the new cost basis for the security.

To determine whether an impairment of equity security is other-than-temporary, the Company considers whether it has the ability and intent to hold the security until a market price recovery and considers whether evidence indicating the market price of the security is recoverable to the carrying amount outweighs the counter evidence. Evidence considered in this assessment includes the reasons for the impairment, the severity and duration of the impairment, changes in value subsequent to year-end, and forecasted performance of the investee.

To determine whether an impairment of debt security is other-than-temporary, the Company considers whether it has the intent to sell the equity investment and more likely than not where the Company is required to sell until a market price of the investment is recoverable to the amortized cost.

Other investments are stated at cost. The Company recognizes a loss when there is other-than-temporary decline in value of other investments, using the same policy as described above for available-for-sale security impairments.

(g) Allowance for Doubtful Receivables

The Company records an allowance for doubtful receivables based on credit loss history and evaluation of specific doubtful receivables.

(h) Inventories

In work-in-process, the Company records the ordered products at the acquisition cost and the regular purchased products at the average production costs. Those products are recorded at the lower of cost or market. Net costs in excess of billings on long-term contracts are included in inventories. Raw material and finished product inventories are generally recorded using the average-cost method, and evaluated at the lower of cost or market. In accordance with the general practice in the heavy electrical industry, inventories related to Energy and Electric Systems include items with long manufacturing periods which are not realizable within one year.

(i) Property, Plant and Equipment

The Company records property, plant and equipment at cost. Depreciation of property, plant and equipment is generally calculated by the declining-balance method, except for certain assets which are depreciated by the straight-line method, over the estimated useful life of the assets according to general class, type of construction, and use of these assets.

The estimated useful life of buildings is 3 to 50 years, while machinery and equipment is 2 to 20 years.

(j) Leases

The Company records capital leases at the inception of the lease at the lower of the discounted present value of future minimum lease payments or the fair value of the leased assets. The amortization of the leased assets is calculated in accordance with the Company's normal depreciation policy.

(k) Income Taxes

The Company recognizes deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Valuation allowances are established to reduce deferred tax assets to their net realizable value if it is more likely than not that some portion or all of the deferred tax asset will not be realized.

The Company recognizes the financial statement effects of unrecognized tax benefits only if those positions are more likely than not of being sustained.

(l) Product Warranties

The Company generally offers warranties on its products against certain manufacturing and other defects for the specific periods of time and/or usage of the product depending on the nature of the product, the geographic location of its sale and other factors. The Company recognizes accrued warranty costs based primarily on historical experience of actual warranty claims as well as current information on repair costs.

(m) Retirement and Severance Benefits

The Company recognizes the funded status (i.e., the difference between the fair value of plan assets and the projected benefit obligations) of its pension plans in the consolidated balance sheet at the end of the year, and records the corresponding amount to accumulated other comprehensive income (loss), net of tax. The adjustment items for accumulated other comprehensive income (loss) are unrecognized prior service cost and unrecognized net gain or loss. The amounts of these adjustments are recognized as net periodic pension cost in future years.

(n) Revenue Recognition

The Company recognizes revenue when persuasive evidence of an arrangement including title transfer exists, delivery has occurred, the sales price is fixed or determinable, and collectibility is probable. These criteria are met for mass-merchandising products such as consumer products and semiconductors at the time when the product is received by the customer, and for products with acceptance provisions such as heavy machinery and industrial products at the time when the product is received by the customer and the specific criteria of the product are demonstrated by the Company with only certain inconsequential or perfunctory work left to be performed by the customer. Revenue from maintenance agreements is recognized over the contract term when the maintenance is provided and the cost is incurred. Also, the Company applies the percentage of completion method for long-term construction contracts. The Company measures the percentage of completion by comparing expenses recognized through the current year to the aggregate amount of estimated cost. Any anticipated losses on fixed price contracts are charged to operations when such losses can be estimated. Provisions are made for contingencies in the period when they become known pursuant to specific contract terms and conditions and are estimable.

The contract which may consists of any combination of products, equipment, installation and maintenance is allocated revenue to each accounting unit based on its relative fair value, when each deliverable is accounted for separate accounting unit.

(o) Research and Development and Advertising

The Company accounts for the costs of research and development and advertising as expense when those costs are incurred.

(p) Shipping and Handling Costs

The Company records shipping and handling costs mainly as selling, general and administrative expenses.

(q) Net Income per Share

The Company calculates basic net income per share attributable to Mitsubishi Electric Corp. divided net income attributable to Mitsubishi Electric Corp. by the weighted-average number of common shares outstanding during each year. Diluted net income per share attributable to Mitsubishi Electric Corp. reflects the potential dilution and is calculated on the basis that dilutive securities were converted at the beginning of the year or at time of issuance (if later), and that dilutive stock option were exercised (less the number of treasury stock assumed to be purchased from the proceeds using the average market price of the Company's common stock).

(r) Foreign Currency Translation

The Company translates receivables and payables in foreign currency at the prevailing rates of exchange at the balance sheet date. Gains and losses resulting from translation of receivables and payables are recognized in current earnings. Assets and liabilities of the Company's overseas consolidating subsidiaries are translated into Japanese yen at the prevailing rates of exchange at the balance sheet date. Income and expense items are translated at the average exchange rate prevailing during the year. Gains and losses resulting from translation of financial statements are recognized as foreign currency translation adjustments in other comprehensive income (loss).

(s) Derivatives

The Company recognizes all derivatives as either assets or liabilities in the consolidated financial statements and measures them at fair value. For derivatives designated as fair value hedges, changes in fair value of the hedged item and the derivative are recognized in current earnings. For derivatives designated as cash flow hedges, fair value changes of the effective portion of the hedging instruments are recognized as a component of other comprehensive income (loss) until the hedged item is recognized in earnings. The ineffective portion of all hedges is recognized in earnings immediately.

The Company discloses the use and purpose of derivative instruments, accounting for derivative instruments and related hedged items. The Company also discloses the effects on the entity's financial position, results of operations, and cash flows by the derivative instruments and hedging activities.

(t) Securitizations

The Company accounts for the securitization of the accounts receivables as a sale, if it is determined based on the Company's evaluation that it has surrendered control over the transferred receivables.

Accordingly, the receivables sold under these facilities are excluded from Trade receivables in the accompanying consolidated balance sheets. Gain or loss on sale of receivables is calculated based on the allocated carrying amount of the receivables sold. When a portion of accounts receivables is transferred, the participating interest that continues to be held is recorded at the allocated carrying amount of the assets based on their relative fair values at the date of the transfer.

The Company estimates fair value based on the present value of future expected cash flows less credit losses.

(u) Impairment of Long-Lived Assets

The Company reviews for impairment of long–lived assets such as property, plant, and equipment and purchased intangibles subject to amortization, to be held and used whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment loss is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Long-lived assets to be disposed of other than sale continue to be classified as held and used until they are disposed.

Long-lived assets classified as held-for-sale are separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposed group classified as held-for-sale are presented separately in the appropriate asset and liability sections of the consolidated balance sheets.

(v) Goodwill and Other Intangible Assets

The Company accounts for business combinations using the acquisition method. The Company recognizes at fair value the assets acquired, the liabilities assumed, any noncontrolling interests in the acquiree, and acquired goodwill at the acquisition date. The Company discloses the nature of business combination to enable the readers to evaluate the effects of such transaction on the consolidated financial statements.

The Company does not amortize goodwill but tests it for impairment at least annually. Also other intangible assets with indefinite useful life are not amortized, but instead tested for impairment until its useful life is determined. On the other hand, other intangible assets determined to have useful life are amortized over their respective estimated useful life and tested for impairment.

(w) Cost Associated with Exit or Disposal Activities

The Company recognizes the costs associated with exit or disposal activities as liability only when it meets the definition of a liability in the Statements of Financial Accounting Concepts No. 6, "Elements of Financial Statements". The Company uses fair value for initial measurement of liabilities related to exit or disposal activities.

(x) Guarantees

The Company recognizes the guarantees and indemnification arrangements as liability measured at fair value as they are issued or modified by the Company, and discloses the guarantees that the Company has undertaken, including a rollforward of the Company's product warranty liabilities. The Company continually monitors the conditions of the guarantees and indemnifications to identify occurrence of probable losses, and when such losses are identified and if estimable, they are recognized in current earnings.

(y) Asset Retirement Obligations

The Company recognizes legal obligations associated with the retirement of long-lived assets that result from an acquisition, construction and development, and (or) from a normal operation of a long-lived asset, except for certain lease obligations. The Company recognizes a liability for an asset retirement obligation at fair value in the period which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset and subsequently allocated to expense over the asset's useful life. Subsequent to the initial measurement of the asset retirement obligation, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation.

(z) Reclassifications

The Company has made certain reclassifications of the previous fiscal years' consolidated financial statements to conform to the presentation used for the year ended March 31, 2013.

(aa) Future Application of New Accounting Standards

In July 2012, the FASB issued ASU 2012-02 "Testing Indefinite-Lived Intangible Assets for Impairment" (An Amendment of ASC Topic 350 "Intangibles—Goodwill and Other"). ASU 2012-02 allows an entity to first assess qualitative factors to determine whether it is necessary to perform the quantitative impairment test for indefinite-lived intangible assets. An entity that elects to perform a qualitative assessment is required to perform the quantitative impairment test for an indefinite-lived intangible asset if it is more likely than not that the asset is impaired. The Company is required to adopt ASU 2012-02 on April 1, 2013. The adoption of ASU 2012-02 will not have a material effect on the Company's consolidated financial position and results of operations.

In February 2013, the FASB issued ASU 2013-02 "Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income" (An Amendment of ASC Topic 220 "Comprehensive Income"). ASU 2013-02 requires entities to disclose items reclassified out of accumulated other comprehensive income and into net income and references to other disclosures about items that are not reclassified in their entirety into net income. The Company is required to adopt ASU 2013-02 on April 1, 2013. The adoption of ASU 2013-02 will not have a material effect on the Company's consolidated financial position and results of operations.

In March 2013, the FASB issued ASU 2013-05 "Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity (a consensus of the FASB Emerging Issues Task Force)" (An Amendment of ASC Topic 830 "Foreign Currency Matters"). ASU 2013-05 addresses the accounting for the cumulative translation adjustment when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a nonprofit activity or a business within a foreign entity. ASU 2013-05 requires entities to apply the guidance in ASC 830-30 to release any related cumulative translation adjustment into net income. The Company is required to adopt ASU 2013-05 on April 1, 2014. The adoption of ASU 2013-05 will not have a material effect on the Company's consolidated financial position and results of operations.

In April 2013, the FASB issued ASU 2013-07 "Liquidation Basis of Accounting" (An Amendment of ASC Topic 205 "Presentation of Financial Statements"). ASU 2013-07 clarifies when an entity should apply the liquidation basis of accounting and provides guidance on principles for the recognition and measurement of assets and liabilities and requirements for financial statements prepared using the liquidation basis of accounting. ASU 2013-07 requires entities to prepare its financial statements using the liquidation basis of accounting when liquidation is imminent and to present relevant information about an entity's expected resources in liquidation by measuring and presenting assets at the amount of the expected cash proceeds from liquidation that include any items that it had not previously recognized under U.S. GAAP but that it expects to either sell in liquidation or use in settling liabilities. The Company is required to adopt ASU 2013-07 on April 1, 2014. The adoption of ASU 2013-07 will not have a material effect on the Company's consolidated financial position and results of operations.

(2) U.S. DOLLAR AMOUNTS

The Company has presented the consolidated financial statements in Japanese yen, and solely for the convenience of the reader, has provided translated amounts in United States dollars at the rate of ¥94=U.S.$1, which was the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market at the end of March 2013. This translation should not be construed as a representation that the amounts shown could be converted into United States dollars at such rate.

(3) SECURITIES

Marketable securities included in short-term investments and investments in securities and other consist of available-for-sale securities. The cost, gross unrealized holding gains, gross unrealized holding losses and fair value for such securities by equity securities and debt securities at March 31, 2013 and 2012 were as follows:

Yen (millions)

	Cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
2013:				
Available-for-sale:				
Equity securities	**¥ 77,663**	**¥44,736**	**¥1,512**	**¥120,887**
Debt securities	**37,348**	**1,113**	**2,442**	**36,019**
	¥115,011	**¥45,849**	**¥3,954**	**¥156,906**

Yen (millions)

	Cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
2012:				
Available-for-sale:				
Equity securities	¥ 95,412	¥28,533	¥4,891	¥119,054
Debt securities	46,105	783	4,315	42,573
	¥141,517	¥29,316	¥9,206	¥161,627

	Cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
	U.S. dollars (thousands)			
2013:				
Available-for-sale:				
Equity securities	**$ 826,202**	**$475,915**	**$16,085**	**$1,286,032**
Debt securities	**397,319**	**11,841**	**25,979**	**383,181**
	$1,223,521	**$487,756**	**$42,064**	**$1,669,213**

Debt securities consist of Japanese government debt securities, corporate debt securities and others.

In the years ended March 31, 2013 and 2012, net unrealized gains on available-for-sale securities, net of taxes and noncontrolling interests, increased by ¥14,803 million ($157,479 thousand) and ¥6,285 million, respectively.

In the year ended 2011, net unrealized gains on available-for-sale securities, net of taxes and noncontrolling interests, decreased by ¥10,643 million.

As of March 31, 2013 and 2012, the cost of non-marketable equity securities were ¥15,033 million ($159,926 thousand) and ¥14,627 million, respectively.

Maturities of marketable securities classified as available-for-sale at March 31, 2013 were as follows:

	Yen (millions)		U.S. dollars (thousands)	
	Cost	Fair value	Cost	Fair value
Due within one year	¥ 810	¥ 812	$ 8,617	$ 8,638
Due after one year through five years	1,346	2,050	14,319	21,809
Due after five years	35,192	33,157	374,383	352,734
Marketable equity securities	77,663	120,887	826,202	1,286,032
	¥115,011	¥156,906	$1,223,521	$1,669,213

Gross unrealized losses on available-for-sale securities and the fair value of the related securities, aggregated by length of time that individual securities have been in a continuous unrealized loss positions, at March 31, 2013 were as follows:

	Less than 12 months		12 months or more		Total	
	Yen (millions)					
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Available-for-sale:						
Equity securities	¥6,756	¥468	¥ 3,496	¥1,044	¥10,252	¥1,512
Debt securities	—	—	29,864	2,442	29,864	2,442
	¥6,756	¥468	¥33,360	¥3,486	¥40,116	¥3,954

	Less than 12 months		12 months or more		Total	
	U.S. dollars (thousands)					
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Available-for-sale:						
Equity securities	$71,872	$4,979	$ 37,192	$11,106	$109,064	$16,085
Debt securities	—	—	317,702	25,979	317,702	25,979
	$71,872	$4,979	$354,894	$37,085	$426,766	$42,064

The Company did not recognize an impairment loss from the decline in the fair value of the marketable securities including the unrealized losses. Based on that evaluation and the Company's ability and intent to hold those securities for a reasonable period of time sufficient for a recovery of fair value, the Company does not consider those securities to be other-than-temporarily impaired.

Proceeds from the sale of available-for-sale securities and gross realized gains and losses on those sales in the years ended March 31, 2013, 2012 and 2011 were as follows:

	Yen (millions)			U.S. dollars (thousands)
	2013	2012	2011	**2013**
Proceeds	**¥22,287**	¥1,460	¥3,955	**$237,096**
Gross realized gains	**2,527**	486	1,157	**26,883**
Gross realized losses	**47**	5	11	**500**

For the years ended March 31, 2013, 2012 and 2011 the Company recognized loss on impairment of marketable securities ¥3,860 million ($41,064 thousand), ¥6,912 million and ¥3,679 million due to other-than-temporary declines in fair value.

(4) TRADE RECEIVABLES

Trade receivables are summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
Notes receivable	**¥ 56,284**	¥ 61,745	**$ 598,766**
Accounts receivable	**926,511**	897,332	**9,856,500**
Allowance for doubtful receivables	**(8,290)**	(8,341)	**(88,192)**
	¥974,505	¥950,736	**$10,367,074**

(5) INVENTORIES

Inventories are comprised of the following:

	Yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
Work in process	**¥271,574**	¥277,017	**$2,889,085**
Less accumulated billings on long-term contracts	**13,166**	24,220	**140,064**
	258,408	252,797	**2,749,021**
Raw materials	**90,477**	90,471	**962,521**
Finished products	**241,850**	232,911	**2,572,873**
	¥590,735	¥576,179	**$6,284,415**

(6) INVESTMENTS IN AFFILIATED COMPANIES

Summary of combined financial information relating to affiliated companies accounted for by the equity method of accounting (Renesas Electronics Corporation, Toshiba Mitsubishi-Electric Industrial Systems Corporation, etc.) as of March 31, 2013 and 2012, and for the years ended March 31, 2013, 2012 and 2011 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
Financial Position			
Current assets	**¥1,395,527**	¥1,431,161	**$14,846,032**
Property, plant and equipment	**343,725**	403,553	**3,656,649**
Other assets	**192,039**	204,841	**2,042,968**
Total assets	**¥1,931,291**	¥2,039,555	**$20,545,649**
Current liabilities	**¥ 948,324**	¥1,213,890	**$10,088,553**
Long-term debt	**517,159**	285,338	**5,501,692**
Total liabilities	**1,465,483**	1,499,228	**15,590,245**
Shareholders' equity	**465,808**	540,327	**4,955,404**
Total liabilities and shareholders' equity	**¥1,931,291**	¥2,039,555	**$20,545,649**

	2013	2012	2011	2013
			Yen (millions)	U.S. dollars (thousands)
Results of Operations				
Sales	**¥1,869,079**	¥1,956,596	¥2,181,546	**$19,883,819**
Net income (loss) attributable to affiliated companies	**(84,953)**	(36,010)	(69,818)	**(903,755)**

The balances and transactions with affiliated companies accounted for by the equity method of accounting as of March 31, 2013 and 2012, and for the years ended March 31, 2013, 2012 and 2011 are as follows:

	2013	2012	2013
		Yen (millions)	U.S. dollars (thousands)
Trade receivables	**¥ 74,470**	¥ 76,720	**$ 792,234**
Trade payables	**129,123**	144,502	**1,373,649**

	2013	2012	2011	2013
			Yen (millions)	U.S. dollars (thousands)
Sales	**¥298,033**	¥314,740	¥314,174	**$3,170,564**
Purchases	**166,633**	184,766	160,188	**1,772,691**
Dividends	**10,174**	6,945	8,963	**108,234**

Investments in affiliated companies accounted for by the equity method of accounting include the shares of 10 publicly quoted affiliates (10 publicly quoted affiliates existed in 2012), which are summarized as follows:

	2013	2012	2013
		Yen (millions)	U.S. dollars (thousands)
Investments at equity	**¥52,720**	¥75,783	**$560,851**
Quoted market value	**65,751**	92,453	**699,479**

The Company recorded an amount of ¥13,785 million ($146,649 thousand), the portion of the costs of investments in affiliated companies accounted for by the equity method of accounting at the date of acquisition that exceeds the amounts of net assets attributable to the Company, included in investments in affiliated companies as goodwill related to equity investments on its consolidated balance sheets.

At March 31, 2013 and 2012, the Company recognizes that no impairment exists on its goodwill.

(7) BANK LOANS AND LONG-TERM DEBT

Bank loans consisted of the following:

	2013	2012	2013
		Yen (millions)	U.S. dollars (thousands)
Borrowings from banks and others	**¥101,617**	¥111,450	**$1,081,032**
Commercial paper	**30,220**	220	**321,489**
	¥131,837	¥111,670	**$1,402,521**

The weighted average interest rates on borrowings from banks and others outstanding as of March 31, 2013 and 2012 were 0.71% and 1.04%, respectively.

At March 31, 2013, the Company had unused committed lines of credit that can provide short-term funds from subscribing financial institutions amounting to ¥114,000 million ($1,212,766 thousand).

Long-term debt consisted of the following:

	Yen (millions) 2013	Yen (millions) 2012	U.S. dollars (thousands) 2013
Borrowings from banks and other companies, due 2013 to 2022 with bearing interest rate ranging from 0.35% to 3.00% at March 31, 2013: due 2012 to 2022 with bearing interest rate ranging from 0.40% to 4.70% at March 31, 2012:			
Secured	**¥ 821**	¥ 935	**$ 8,734**
Unsecured	**319,527**	290,439	**3,399,223**
1.70% Japanese yen bonds due 2012	**—**	10,000	**—**
1.40% Japanese yen bonds due 2012	**—**	40,000	**—**
1.17% Japanese yen bonds due 2014	**30,000**	30,000	**319,149**
0.58% Japanese yen bonds due 2013	**30,000**	30,000	**319,149**
Capital lease obligations	**28,387**	29,247	**301,989**
	408,735	430,621	**4,348,244**
Less amount due within one year	**103,081**	88,832	**1,096,606**
	¥305,654	¥341,789	**$3,251,638**

The aggregate annual maturities of long-term debt outstanding at March 31, 2013 were as follows:

Year ending March 31:	Yen (millions)	U.S. dollars (thousands)
2014	¥103,081	$1,096,606
2015	100,486	1,069,000
2016	88,425	940,691
2017	46,914	499,085
2018	20,898	222,319
Thereafter	48,931	520,543
Total	¥408,735	$4,348,244

Substantially all of the loans with banks and others have basic written agreements. With respect to all present or future loans, these agreements state that the Company would need to provide collateral or guarantors immediately upon the banks' request and that any collateral furnished pursuant to such agreements will be used against repayment of debts in case of default.

Certain of the secured loan agreements contain provisions that permit the lenders to require additional collateral, and substantially all of the unsecured loan agreements permit the lenders to require collateral or guarantors. Property, plant and equipment carried at ¥1,184 million ($12,596 thousand) are pledged as security for long-term loans from banks and others.

(8) TRADE PAYABLES

Trade payables are summarized as follows:

	Yen (millions) 2013	Yen (millions) 2012	U.S. dollars (thousands) 2013
Notes payable	**¥ 16,868**	¥ 19,653	**$ 179,447**
Accounts payable	**635,850**	680,609	**6,764,362**
	¥652,718	¥700,262	**$6,943,809**

(9) INCOME TAXES

Total income taxes were allocated as follows:

	Yen (millions)			U.S. dollars (thousands)
	2013	2012	2011	**2013**
Income before income taxes	**¥ (9,509)**	¥105,815	¥77,097	**$(101,160)**
Shareholders' equity—accumulated other comprehensive income (loss):				
Foreign currency translation adjustments	**5,037**	(135)	(1,978)	**53,585**
Pension liability adjustments	**26,637**	(144)	(1,651)	**283,372**
Unrealized gains (losses) on securities	**7,230**	2,777	(6,886)	**76,914**
Unrealized gains (losses) on derivative instruments	**38**	37	(7)	**405**
	¥ 29,433	¥108,350	¥66,575	**$ 313,116**

The significant components of deferred tax expense attributable to income taxes are as follows:

	Yen (millions)			U.S. dollars (thousands)
	2013	2012	2011	**2013**
Change in valuation allowance related to deferred tax assets	**¥(40,029)**	¥ (6,915)	¥ (2,234)	**$(425,840)**
Other	**7,030**	70,543	25,022	**74,787**
	¥(32,999)	¥63,628	¥22,788	**$(351,053)**

The Company is subjected to a number of income taxes. The statutory tax rate is approximately 38% for the year ended March 31, 2013, approximately 41% for the years ended March 31, 2012 and 2011.

The effective tax rate for the years ended March 31, 2013, 2012 and 2011 is reconciled with the Japanese statutory tax rate in the following table:

	2013	2012	2011
Japanese statutory tax rate	**38.0%**	41.0%	41.0%
Change in valuation allowance	**(60.1)**	3.6	4.8
Adjustment for unrealized profit on intercompany transactions	**21.4**	(0.4)	(1.0)
Expenses permanently not deductible for tax purposes	**2.8**	1.0	1.0
International tax rate difference	**(17.9)**	(5.1)	(6.9)
Tax credits	**(0.3)**	(3.3)	(4.2)
Tax effect attributable to investments at equity	**(10.4)**	(2.6)	(0.7)
Effect of income tax rate change	**7.6**	14.3	—
Other	**4.3**	(1.3)	2.7
Effective tax rate	**(14.6)%**	47.2%	36.7%

For the year ended March 31, 2013, because it is expected that certain investments in affiliated companies will no longer be accounted for by the equity method of accounting during the following year, the Company concluded that it is more likely than not that the temporary differences related to its investment in affiliated companies will be realized. The effects are included in Change in valuation allowance.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at March 31, 2013 and 2012 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
Deferred tax assets:			
Retirement and severance benefits	**¥ 77,846**	¥ 93,206	**$ 828,149**
Accrued expenses	**92,474**	101,762	**983,766**
Property, plant and equipment	**34,815**	33,172	**370,372**
Inventories	**23,998**	41,234	**255,298**
Pension liability adjustments	**79,533**	106,170	**846,096**
Tax loss carryforwards	**18,484**	7,652	**196,638**
Other	**140,342**	122,909	**1,493,000**
Total gross deferred tax assets	**467,492**	506,105	**4,973,319**
Valuation allowance	**(68,676)**	(108,705)	**(730,596)**
Deferred tax assets, less valuation allowance	**398,816**	397,400	**4,242,723**
Deferred tax liabilities:			
Securities contributed to employee retirement benefit trust	**30,404**	30,404	**323,447**
Property, plant and equipment	**10,939**	12,135	**116,372**
Net unrealized gains on securities	**14,637**	7,407	**155,713**
Other	**33,162**	33,236	**352,787**
Total gross deferred tax liabilities	**89,142**	83,182	**948,319**
Net deferred tax assets	**¥309,674**	¥314,218	**$3,294,404**

The valuation allowance for deferred tax assets as of April 1, 2011 was ¥115,620 million. The net change in the total valuation allowance for the year ended March 31, 2012 was a decrease of ¥6,915 million. The net change in the total valuation allowance for the year ended March 31, 2013 was a decrease of ¥40,029 million ($425,840 thousand). In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment.

At March 31, 2013, the Company and certain subsidiaries had net operating loss carryforwards of ¥32,895 million ($349,947 thousand) and ¥100,105 million ($1,064,947 thousand) for corporate and local income tax purposes, respectively, which were available to offset future taxable income, if any. A significant portion of the net operating loss carryforwards will expire in the years ending March 31, 2022.

Net deferred tax assets and liabilities at March 31, 2013 and 2012 are reflected in the accompanying consolidated balance sheets under the following captions:

	Yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
Prepaid expenses and other current assets	**¥126,884**	¥146,077	**$1,349,830**
Other assets	**186,929**	172,204	**1,988,606**
Other liabilities	**(4,139)**	(4,063)	**(44,032)**
	¥309,674	¥314,218	**$3,294,404**

Deferred tax liabilities have not been recognized for undistributed earnings of domestic subsidiaries and some affiliated companies as such income, if distributed in the form of dividends, is either not taxable under present circumstances or is not material. Deferred tax liabilities for the undistributed income of foreign subsidiaries and affiliated companies have been recognized.

Although the Company believes that there are no significant unrecognized tax benefits as of March 31, 2013 and 2012, future determination by tax authorities could affect the effective tax rate in the future periods.

The Company records interest and penalties related to additional income tax, etc. in the consolidated statements of income. Both interest and penalties accrued as of March 31, 2013 and 2012, and interest and penalties for the years ended March 31, 2013, 2012 and 2011 are not material.

The Company and its subsidiaries file income tax returns in Japan and various foreign tax jurisdictions. The tax years that remain subject to examination by major tax jurisdictions are as follows:

Location	Open tax years
Japan	2006-2013
United States	2010-2013
Thailand	2008-2013
Europe	2008-2013

(10) RETIREMENT AND SEVERANCE BENEFITS

The Company has non-contributory and contributory defined benefit plans covering substantially all of its employees who meet eligibility requirements.

Under the non-contributory plans, employees with less than twenty years of service are entitled to lump-sum severance indemnities at date of severance, and employees with twenty or more years of service are entitled to annuity payments subsequent to retirement, determined by the current basic rate of pay, length of service and termination conditions. In addition, certain employees who meet the eligibility requirements are entitled to additional lump-sum payments at the date of retirement based on the retirement age. Under the contributory plans, employees are entitled to annuity payments at a certain age. The assets of certain of the non-contributory plans and the contributory plans are combined in accordance with the regulations and administered by a board of trustees comprised equally of employer and employee representatives. An employee retirement benefit trust is established for certain of the non-contributory plans.

The Company amended its benefit plan under labor and management agreement during the year ended March 31, 2005, and established a defined contribution plan on April 1, 2005. In addition, the Company amended its contributory defined benefit plan and introduced a cash balance pension plan. Under the cash balance pension plan, each participant has a notional account which is credited yearly based on the current rate of contribution and market-related interest rate.

The domestic consolidated subsidiaries sponsor various pension plans, which are partially or entirely employees' pension fund plan, and/or corporate pension fund plan, based on each subsidiaries' respective pension policies.

In addition, the foreign consolidated subsidiaries that have adopted pension policy mainly sponsors defined contribution pension plan.

The Company measures the fair value of plan assets and the projected benefit obligation at the end of the year, and recognizes the funded status (i.e., the difference between the fair value of plan assets and the projected benefit obligations) of pension in consolidated balance sheets with the amount of corresponding adjustment to Accumulated other comprehensive income (loss), net of tax.

Obligations and funded status

Reconciliations of beginning and ending balances of the benefit obligations and the fair value of the plan assets are as follows:

	Yen (millions) 2013	Yen (millions) 2012	U.S. dollars (thousands) 2013
Change in benefit obligations:			
Benefit obligations at beginning of year	**¥1,052,970**	¥1,072,082	**$11,201,809**
Service cost	**29,433**	29,222	**313,117**
Interest cost	**21,562**	21,838	**229,383**
Plan participants' contributions	**1,077**	1,108	**11,457**
Amendments	**957**	—	**10,181**
Actuarial loss	**8,823**	11,147	**93,862**
Benefits paid	**(77,667)**	(82,476)	**(826,245)**
Acquisitions and divestitures, etc.	**1,014**	49	**10,787**
Benefit obligations at end of year	**1,038,169**	1,052,970	**11,044,351**
Change in plan assets:			
Fair value of plan assets at beginning of year	**683,258**	655,586	**7,268,702**
Actual return on plan assets	**90,710**	15,024	**965,000**
Employer contributions	**47,051**	46,238	**500,543**
Plan participants' contributions	**1,077**	1,108	**11,457**
Benefits paid	**(38,251)**	(34,456)	**(406,926)**
Acquisitions and divestitures, etc.	**841**	(242)	**8,947**
Fair value of plan assets at end of year	**784,686**	683,258	**8,347,723**
Funded status at end of year	**¥ (253,483)**	¥ (369,712)	**$ (2,696,628)**

Amounts recognized in the consolidated balance sheet at March 31, 2013 and 2012 consist of:

	Yen (millions) 2013	Yen (millions) 2012	U.S. dollars (thousands) 2013
Other assets	**¥ 7,353**	¥ 7,912	**$ 78,223**
Other current liabilities	**(5,859)**	(5,542)	**(62,330)**
Retirement and severance benefits	**(254,977)**	(372,082)	**(2,712,521)**
	¥(253,483)	¥(369,712)	**$(2,696,628)**

Amounts recognized in accumulated other comprehensive income (loss) at March 31, 2013 and 2012 consist of:

	Yen (millions) 2013	Yen (millions) 2012	U.S. dollars (thousands) 2013
Actuarial gain or loss	**¥300,091**	¥ 395,639	**$3,192,457**
Prior service benefit (gain)	**(77,514)**	(100,219)	**(824,617)**
	¥222,577	¥ 295,420	**$2,367,840**

The accumulated benefit obligations for all defined benefit plans were as follows:

	Yen (millions) 2013	Yen (millions) 2012	U.S. dollars (thousands) 2013
Accumulated benefit obligations	**¥1,031,769**	¥1,046,736	**$10,976,266**

Components of net periodic retirement and severance costs and other amounts recognized in other comprehensive income (loss)

Net periodic retirement and severance costs for the years ended March 31, 2013, 2012 and 2011 consisted of the following components:

	Yen (millions)			U.S. dollars (thousands)
	2013	2012	2011	**2013**
Service cost	**¥ 30,510**	¥ 30,330	¥ 30,054	**$ 324,574**
Interest cost on projected benefit obligation	**21,562**	21,838	22,346	**229,383**
Expected return on plan assets	**(13,556)**	(12,834)	(12,057)	**(144,213)**
Amortization of prior service benefit (gain)	**(21,748)**	(17,044)	(16,996)	**(231,362)**
Amortization of actuarial loss	**27,253**	27,904	35,107	**289,926**
	44,021	50,194	58,454	**468,308**
Plan participants' contributions	**(1,077)**	(1,108)	(1,129)	**(11,457)**
Net periodic retirement and severance costs	**¥ 42,944**	¥ 49,086	¥ 57,325	**$ 456,851**

Other changes in plan assets and projected benefit obligations recognized in other comprehensive income (loss) for the years ended March 31, 2013 and 2012 were summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
Actuarial gain or loss	**¥(68,295)**	¥ 8,750	**$(726,543)**
Amortization of actuarial loss (gain)	**(27,253)**	(27,904)	**(289,926)**
Prior service benefit	**957**	—	**10,181**
Amortization of prior service benefit	**21,748**	17,044	**231,362**
	¥(72,843)	¥ (2,110)	**$(774,926)**

The estimated actuarial gain or loss and prior service benefit for the defined benefit pension plans that will be amortized from accumulated other comprehensive income (loss) into net periodic benefit cost over the next year are summarized as follows:

	Yen (millions)	U.S. dollars (thousands)
Actuarial gain or loss	¥ 15,886	$ 169,000
Prior service benefit (gain)	(21,683)	(230,670)

Actuarial assumptions

Actuarial assumptions used to determine benefit obligations at March 31, 2013 and 2012 were as follows:

	2013	2012
Discount rate	**2.0%**	2.0%
Assumed rate of increase in future compensation levels	**1.7%**	1.7%

Actuarial assumptions used to determine net periodic retirement and severance costs for the years ended March 31, 2013, 2012 and 2011 were as follows:

	2013	2012	2011
Discount rate	**2.0%**	2.0%	2.0%
Assumed rate of increase in future compensation levels	**1.7%**	1.7%	1.7%
Expected long-term rate of return on plan assets	**2.5%**	2.5%	2.5%

The expected long-term rate of return is based on actual historical returns and the expectations for future returns of each plan asset category in which the Company invests.

Plan Assets

The fair values of the Company's pension plan assets at March 31, 2013 and 2012 were as follows:

Yen (millions)

	2013			
	Level 1	Level 2	Level 3	Total
Equity securities				
Marketable equity securities	**¥172,899**	**¥ —**	**¥ —**	**¥172,899**
Pooled funds	**—**	**171,648**	**—**	**171,648**
Debt securities				
Government, municipal and corporate debt securities	**4,224**	**21,447**	**—**	**25,671**
Pooled funds	**—**	**276,469**	**—**	**276,469**
Other assets				
Life insurance company general accounts	**—**	**88,260**	**—**	**88,260**
Other	**—**	**34,601**	**15,138**	**49,739**
	¥177,123	**¥592,425**	**¥15,138**	**¥784,686**

Notes: 1. Marketable equity securities include mainly domestic stocks.
2. Pooled funds of equity securities include approximately 20% domestic stocks and 80% foreign stocks.
3. Pooled funds of debt securities include approximately 70% domestic bonds and 30% foreign bonds.
4. Government, municipal and corporate debt securities of level 1 include government debt securities.

Yen (millions)

	2012			
	Level 1	Level 2	Level 3	Total
Equity securities				
Marketable equity securities	¥137,940	¥ —	¥ —	¥137,940
Pooled funds	—	141,103	—	141,103
Debt securities				
Government, municipal and corporate debt securities	3,410	22,548	—	25,958
Pooled funds	—	248,523	—	248,523
Other assets				
Life insurance company general accounts	—	83,287	—	83,287
Other	—	31,296	15,151	46,447
	¥141,350	¥526,757	¥15,151	¥683,258

Notes: 1. Marketable equity securities include mainly domestic stocks.
2. Pooled funds of equity securities include approximately 30% domestic stocks and 70% foreign stocks.
3. Pooled funds of debt securities include approximately 70% domestic bonds and 30% foreign bonds.
4. Government, municipal and corporate debt securities of level 1 include government debt securities.

U.S. dollars (thousands)

	2013			
	Level 1	Level 2	Level 3	Total
Equity securities				
Marketable equity securities	**$1,839,351**	**$ —**	**$ —**	**$1,839,351**
Pooled funds	**—**	**1,826,043**	**—**	**1,826,043**
Debt securities				
Government, municipal and corporate debt securities	**44,936**	**228,160**	**—**	**273,096**
Pooled funds	**—**	**2,941,160**	**—**	**2,941,160**
Other assets				
Life insurance company general accounts	**—**	**938,936**	**—**	**938,936**
Other	**—**	**368,095**	**161,042**	**529,137**
	$1,884,287	**$6,302,394**	**$161,042**	**$8,347,723**

The Company's investment policies are designed to ensure adequate plan assets are available to provide future payments of pension benefits to eligible participants. Taking into account the expected long-term rate of return on plan assets, the Company formulates an investment portfolio comprised of the optimal combination of equity and debt securities. Plan assets are invested in individual equity and debt securities using the guidelines of the investment portfolio in order to produce a total return that will match the expected return on a mid-term to long-term basis. The Company evaluates the gap between expected return and actual return of invested plan assets on an annual basis. In addition, taking into the consideration the management environment and the revision of regulations, the Company revises the investment portfolio when and to the extent considered necessary to achieve the expected long-term rate of return on plan assets based on the pension asset and liability management method.

The Company's investment portfolio consists of three major components: approximately 30% is invested in equity securities, approximately 65% is invested in debt securities and investments in life insurance company general accounts, and approximately 5% is invested in hedge funds. As for selection of plan assets, the Company has examined the contents of investment, and appropriately diversified investments.

See note 18 which shows categorized input for fair value measurements by the valuation technique into a three-level hierarchy.

Each level into which assets are categorized is based on inputs used to measure the fair value of the assets.

Level 1 assets are comprised principally of equity securities and government bonds, which are valued using unadjusted quoted market prices in active markets with sufficient volume and frequency of transactions. Level 2 assets are comprised principally of pooled funds that invest in equity and debt securities, corporate bonds and investments in life insurance company general accounts. Pooled funds are valued at their net asset values that are calculated by the sponsor of the fund. Corporate bonds are valued using quoted prices for identical assets in markets that are not active. Investments in life insurance company general accounts are valued at the amounts that are the conventional interest adding to the principle amounts calculated by life insurance company. Level 3 assets comprise hedge funds, which are valued based on unobservable inputs.

An analysis of the changes in Level 3 assets which comprise hedge funds measured at fair value for the year ended March 31, 2013 and 2012 is as follows:

	Yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
Balance at beginning of year	**¥15,151**	¥ —	**$161,181**
Actual return:			
Relating to assets sold	**—**	—	**—**
Relating to assets still held	**(13)**	(51)	**(139)**
Purchases, sales and settlements	**—**	14,000	**—**
Transfers in and/or out of Level 3	**—**	1,202	**—**
Balance at end of year	**¥15,138**	¥15,151	**$161,042**

Cash Flows

The Company expects to contribute ¥47,882 million ($509,383 thousand) to its pension plan in the year ending March 31, 2014.

Estimated future benefit payments are as follows:

Year ending March 31:	Yen (millions)	U.S. dollars (thousands)
2014	¥ 70,472	$ 749,702
2015	67,677	719,968
2016	67,566	718,787
2017	61,158	650,617
2018	55,731	592,883
2019—2023	262,099	2,788,287

The amount of cost recognized for the Company and certain subsidiaries' defined contribution plans for the years ended March 31, 2013, 2012 and 2011 were ¥7,447 million ($79,223 thousand), ¥6,938 million and ¥6,709 million, respectively.

(11) SHAREHOLDERS' EQUITY

Changes in common stock for the years ended March 31, 2013 and 2012 were as follows:

	2013	2012
		Shares
Number of common shares issued:		
Balance at beginning of year	**2,147,201,551**	2,147,201,551
Balance at end of year	**2,147,201,551**	2,147,201,551

Conversions into common stock of convertible debenture issued subsequent to October 1, 1982 and exercise of warrants were accounted for in accordance with the provisions of the Japanese Commercial Code by crediting one-half of the conversion price and exercise price to each of the common stock account and the capital surplus account.

The Japanese Corporate Law enforced on May 1, 2006 requires that an amount equal to 10% of dividends and other distributions paid in cash by the Company and its domestic subsidiaries be appropriated as a legal reserve until the aggregated amount of additional paid-in capital and the legal reserve equal to 25% of the common stocks. The additional paid-in capital and the legal reserve may be used to reduce a deficit or transferred to common stock with a resolution of the shareholders' meeting.

The amount available for dividends under the Japanese Corporate Law is based on the amount recorded in the Company's books of account in accordance with accounting standards of Japan. The adjustments included in the accompanying consolidated financial statements to have them conform with accounting principles generally accepted in the United States of America, but not recorded in the books of account, have no effect on the determination of retained earnings available for dividends under the Japanese Corporate Law. Retained earnings available for dividends shown in the Company's books of account amounted to ¥226,902 million ($2,413,851 thousand) at March 31, 2013.

Cash dividends and appropriations to the legal reserve charged to retained earnings during the years ended March 31, 2013, 2012 and 2011 represent dividends paid out during the years and the related appropriations to the legal reserve.

(12) OTHER COMPREHENSIVE INCOME (LOSS)

Change in accumulated other comprehensive income (loss) is as follows:

	Yen (millions)			U.S. dollars (thousands)
	2013	2012	2011	2013
Foreign currency translation adjustments:				
Balance at beginning of year	**¥ (67,654)**	¥ (59,400)	¥ (41,524)	**$ (719,724)**
Adjustments for the year	**59,631**	(8,254)	(17,876)	**634,372**
Balance at end of year	**(8,023)**	(67,654)	(59,400)	**(85,352)**
Pension liability adjustments:				
Balance at beginning of year	**(160,156)**	(162,390)	(171,674)	**(1,703,787)**
Adjustments for the year	**47,633**	2,234	9,284	**506,734**
Balance at end of year	**(112,523)**	(160,156)	(162,390)	**(1,197,053)**
Unrealized gains (losses) on securities:				
Balance at beginning of year	**12,242**	5,957	16,600	**130,234**
Adjustments for the year	**14,803**	6,285	(10,643)	**157,479**
Balance at end of year	**27,045**	12,242	5,957	**287,713**
Unrealized gains (losses) on derivative instruments:				
Balance at beginning of year	**(35)**	(86)	89	**(372)**
Adjustments for the year	**49**	51	(175)	**521**
Balance at end of year	**14**	(35)	(86)	**149**
Total accumulated other comprehensive income (loss):				
Balance at beginning of year	**(215,603)**	(215,919)	(196,509)	**(2,293,649)**
Adjustments for the year	**122,116**	316	(19,410)	**1,299,106**
Balance at end of year	**¥ (93,487)**	¥(215,603)	¥(215,919)	**$ (994,543)**

Tax effects allocated to each component of other comprehensive income (loss) and reclassification adjustments are as follows:

	Yen (millions)		
	Before-tax amount	Tax (expense) or benefit	Net-of-tax amount
2013:			
Foreign currency translation adjustments:			
Amount arising during the year on investments in foreign entities held at end of year	**¥ 64,668**	**¥ (5,037)**	**¥ 59,631**
Less reclassification adjustments for gains (losses) included in net income	**—**	**—**	**—**
Net change in foreign currency translation adjustments during the year	**64,668**	**(5,037)**	**59,631**
Pension liability adjustments:			
Amount arising during the year on pension liability adjustments	**68,765**	**(24,545)**	**44,220**
Less reclassification adjustments for gains (losses) included in net income	**5,505**	**(2,092)**	**3,413**
Net change in pension liability adjustment	**74,270**	**(26,637)**	**47,633**
Unrealized gains (losses) on securities:			
Unrealized holding gains (losses) arising during the year	**20,071**	**(6,489)**	**13,582**
Less reclassification adjustments for gains (losses) included in net income	**1,962**	**(741)**	**1,221**
Net change in unrealized gains (losses) on securities	**22,033**	**(7,230)**	**14,803**
Unrealized gains (losses) on derivative instruments:			
Unrealized holding gains (losses) arising during the year	**87**	**(38)**	**49**
Other comprehensive income (loss)	**¥161,058**	**¥(38,942)**	**¥122,116**

	Yen (millions)		
	Before-tax amount	Tax (expense) or benefit	Net-of-tax amount
2012:			
Foreign currency translation adjustments:			
Amount arising during the year on investments in foreign entities held at end of year	¥(8,379)	¥ 135	¥(8,244)
Less reclassification adjustments for gains (losses) included in net income	(10)	—	(10)
Net change in foreign currency translation adjustments during the year	(8,389)	135	(8,254)
Pension liability adjustments:			
Amount arising during the year on pension liability adjustments	(8,770)	4,597	(4,173)
Less reclassification adjustments for gains (losses) included in net income	10,860	(4,453)	6,407
Net change in pension liability adjustment	2,090	144	2,234
Unrealized gains (losses) on securities:			
Unrealized holding gains (losses) arising during the year	3,536	(654)	2,882
Less reclassification adjustments for gains (losses) included in net income	5,526	(2,123)	3,403
Net change in unrealized gains (losses) on securities	9,062	(2,777)	6,285
Unrealized gains (losses) on derivative instruments:			
Unrealized holding gains (losses) arising during the year	88	(37)	51
Other comprehensive income (loss)	¥ 2,851	¥(2,535)	¥ 316

	Yen (millions)		
	Before-tax amount	Tax (expense) or benefit	Net-of-tax amount
2011:			
Foreign currency translation adjustments:			
Amount arising during the year on investments in foreign entities held at end of year	¥(22,684)	¥ 1,948	¥(20,736)
Less reclassification adjustments for gains (losses) included in net income	2,830	30	2,860
Net change in foreign currency translation adjustments during the year	(19,854)	1,978	(17,876)
Pension liability adjustments:			
Amount arising during the year on pension liability adjustments	(23,921)	9,077	(14,844)
Less reclassification adjustments for gains (losses) included in net income	31,554	(7,426)	24,128
Net change in pension liability adjustment	7,633	1,651	9,284
Unrealized gains (losses) on securities:			
Unrealized holding gains (losses) arising during the year	(22,250)	8,864	(13,386)
Less reclassification adjustments for gains (losses) included in net income	4,721	(1,978)	2,743
Net change in unrealized gains (losses) on securities	(17,529)	6,886	(10,643)
Unrealized gains (losses) on derivative instruments:			
Unrealized holding gains (losses) arising during the year	(182)	7	(175)
Other comprehensive income (loss)	¥(29,932)	¥10,522	¥(19,410)

	U.S. dollars (thousands)		
	Before-tax amount	Tax (expense) or benefit	Net-of-tax amount
2013:			
Foreign currency translation adjustments:			
Amount arising during the year on investments in foreign entities held at end of year	**$ 687,957**	**$ (53,585)**	**$ 634,372**
Less reclassification adjustments for gains (losses) included in net income	**—**	**—**	**—**
Net change in foreign currency translation adjustments during the year	**687,957**	**(53,585)**	**634,372**
Pension liability adjustments:			
Amount arising during the year on pension liability adjustments	**731,542**	**(261,117)**	**470,425**
Less reclassification adjustments for gains (losses) included in net income	**58,564**	**(22,255)**	**36,309**
Net change in pension liability adjustment	**790,106**	**(283,372)**	**506,734**
Unrealized gains (losses) on securities:			
Unrealized holding gains (losses) arising during the year	**213,521**	**(69,031)**	**144,490**
Less reclassification adjustments for gains (losses) included in net income	**20,872**	**(7,883)**	**12,989**
Net change in unrealized gains (losses) on securities	**234,393**	**(76,914)**	**157,479**
Unrealized gains (losses) on derivative instruments:			
Unrealized holding gains (losses) arising during the year	**926**	**(405)**	**521**
Other comprehensive income (loss)	**$1,713,382**	**$(414,276)**	**$1,299,106**

(13) NET INCOME PER SHARE ATTRIBUTABLE TO MITSUBISHI ELECTRIC CORP.

A reconciliation of the numerators and denominators of the basic and diluted net income per share attributable to Mitsubishi Electric Corp. calculations is as follows:

	Yen (millions)			U.S. dollars (thousands)
	2013	2012	2011	**2013**
Net income attributable to Mitsubishi Electric Corp.	**¥69,517**	¥112,063	¥124,525	**$739,543**
Effect of dilutive securities	**—**	—	—	**—**
Diluted net income attributable to Mitsubishi Electric Corp.	**¥69,517**	¥112,063	¥124,525	**$739,543**

	Shares		
	2013	2012	2011
Average common shares outstanding	**2,146,906,220**	2,146,926,221	2,146,959,471
Effect of dilutive securities:	**—**	—	—
Diluted common shares outstanding	**2,146,906,220**	2,146,926,221	2,146,959,471

	Yen			U.S. dollars
	2013	2012	2011	**2013**
Net income per share attributable to Mitsubishi Electric Corp.:				
Basic	**¥32.38**	¥52.20	¥58.00	**$0.344**
Diluted	**—**	—	—	**—**

Diluted net income per share attributable to Mitsubishi Electric Corp. is not presented as no dilutive securities existed as of and for the year ended March 31, 2013, 2012 and 2011.

(14) DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

Foreign Exchange Risk Management and Interest Rate Risk Management

The Company and its subsidiaries operate internationally, giving rise to significant exposure to market risks from changes in foreign currencies and interest rates. Derivative financial instruments are comprised principally of foreign exchange contracts, foreign currency swaps and interest rate swaps utilized by the Company and certain of its subsidiaries to reduce these risks. The Company and its subsidiaries do not hold or issue financial instruments for trading purposes.

Contract Amounts, Notional Principal Amounts and Credit Risk

The Company and its subsidiaries are exposed to risk of credit-related losses in the event of nonperformance by counterparties to foreign exchange contracts, foreign currency swaps and interest rate swaps. The Company believes such risk is minimal due to the high credit ratings of these counterparties. Other derivative instruments are debt securities that contain embedded derivatives with intention to hold for a certain period. The Company believes that no material risks exist on its debt securities because the principal of those debt securities are guaranteed.

Information with Respect to Fair Value Hedge

Certain subsidiaries have entered into foreign currency swaps to hedge currency exposure and designate them as fair value hedges.

Information with Respect to Cash Flow Hedges

The Company and certain of its subsidiaries have entered into forward foreign exchange contracts mainly with forecasted transactions to hedge against market risks from changes in foreign currencies and interest rate swap agreements to modify the interest rate characteristics of a portion of its long-term debt from a variable to a fixed rate. The Company and certain of its subsidiaries designate them as cash flow hedges. The maximum period for cash flow hedges is 38 months. The Company expects that the amounts of net gain of ¥15 million ($160 thousand) in accumulated other comprehensive income (loss) will be reclassified into earnings over the next 12 months with transactions such as collection of foreign currency receivables and payment of foreign currency payables and interests on long-term debt.

Derivatives not designated as hedging Instruments

The Company and certain of its subsidiaries enter into foreign exchange contracts and certain of foreign currency swaps and interest rate swaps that are not designated as hedging instruments to hedge against certain foreign currency and interest rate exposures. The Company and certain of its subsidiaries recognize the changes in unrealized gains and losses on such instruments in earnings.

Contract amounts of foreign exchange contracts and foreign currency swaps and notional principal amounts of interest rate swaps and other derivative instruments at March 31, 2013 and 2012 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
Foreign exchange contracts:			
Forwards to sell foreign currencies	**¥106,974**	¥91,946	**$1,138,021**
Forwards to buy foreign currencies	**66,586**	47,207	**708,362**
Foreign currency swaps	**17,196**	23,651	**182,936**
Interest rate swaps	**7,000**	7,000	**74,468**
Other derivative instruments	**28,300**	29,800	**301,064**

The estimated fair values of foreign exchange contracts, foreign currency swaps, interest rate swaps and other derivative instruments at March 31, 2013 and 2012 are as follows:

Derivatives designated as hedging instruments	Consolidated balance sheet line item	Asset derivatives Estimated fair value Yen (millions)		U.S. dollars (thousands)
		2013	2012	**2013**
Foreign exchange contracts	Prepaid expenses and other current assets	**¥118**	¥72	**$1,255**

Derivatives designated as hedging instruments	Consolidated balance sheet line item	Liability derivatives Estimated fair value Yen (millions)		U.S. dollars (thousands)
		2013	2012	**2013**
Foreign exchange contracts	Other current liabilities	**¥23**	¥ 16	**$245**
Interest rate swaps	Other liabilities	**61**	115	**649**
Total		**¥84**	¥131	**$894**

Derivatives not designated as hedging instruments	Consolidated balance sheet line item	Asset derivatives Estimated fair value Yen (millions)		U.S. dollars (thousands)
		2013	2012	**2013**
Foreign exchange contracts	Prepaid expenses and other current assets	**¥6,686**	¥2,339	**$71,127**
Foreign currency swaps	Prepaid expenses and other current assets	**211**	21	**2,245**
Interest rate swaps	Investments in securities and other	**84**	108	**894**
Total		**¥6,981**	¥2,468	**$74,266**

Derivatives not designated as hedging instruments	Consolidated balance sheet line item	Liability derivatives Estimated fair value Yen (millions)		U.S. dollars (thousands)
		2013	2012	**2013**
Foreign exchange contracts	Other current liabilities	**¥4,076**	¥3,682	**$43,361**
Foreign currency swaps	Other current liabilities	**197**	27	**2,096**
Other derivative instruments	Other fixed liabilities	**1,819**	3,909	**19,351**
Total		**¥6,092**	¥7,618	**$64,808**

The effect of foreign exchange contracts and interest rate swaps designated as cash flow hedges on the consolidated statements of income for the years ended March 31, 2013 and 2012 are as follows:

Derivatives in cash flow hedging relationships	Amount of gain or (loss) recognized in OCI on derivative (effective portion) Yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
Foreign exchange contracts	**¥ 85**	¥ 68	**$ 904**
Interest rate swaps	**49**	45	**522**
Total	**¥134**	¥113	**$1,426**

Derivatives in cash flow hedging relationships	Line item of gain or (loss) recognized from accumulated OCI into income (effective portion)	Amount of gain or (loss) recognized from accumulated OCI into income (effective portion)		
		Yen (millions)		U.S. dollars (thousands)
		2013	2012	**2013**
Foreign exchange contracts	Other revenues (cost and expenses)	**¥47**	¥(16)	**$500**

The effect of foreign exchange contracts, foreign currency swaps, interest rate swaps and other derivative instruments not designated as hedging instruments on the consolidated statements of income for the years ended March 31, 2013 and 2012 are set forth below:

Derivatives not designated as hedging instruments	Line item of gain or (loss) recognized in income on derivative	Amount of gain or (loss) recognized in income on derivative		
		Yen (millions)		U.S. dollars (thousands)
		2013	2012	**2013**
Foreign exchange contracts	Other revenues (cost and expenses)	**¥(8,302)**	¥ 3,130	**$(88,319)**
Foreign currency swaps	Other revenues (cost and expenses)	**(88)**	(945)	**(936)**
Interest rate swaps	Other revenues (cost and expenses)	**(24)**	(20)	**(256)**
Other derivative instruments	Other revenues (cost and expenses)	**2,090**	(3,909)	**22,234**
Total		**¥(6,324)**	¥(1,744)	**$(67,277)**

(15) SECURITIZATIONS

The Company sells its accounts receivable under several securitization programs.

When the Company retains subordinated interests in the certain accounts receivables after the sale of these receivables, a portion of these, where the Company retains subordinated interests, is not taken off the balance sheet and is recorded at their fair value. Such carrying value is adjusted to reflect the portion that is not expected to be collectible. As of March 31, 2013, the Company did not retain subordinated interests in the certain accounts receivables after the sale of these receivables.

The Company recognized losses of ¥492 million ($5,234 thousand), ¥450 million and ¥643 million on the securitizations of receivables for the years ended March 31, 2013, 2012 and 2011, respectively.

Subsequent to securitization, the Company retains collection and administrative responsibilities for the receivables. The Company has not recorded a servicing asset or liability since the cost of collection effort is similar to the amount of commission income.

Certain cash flows received from special purpose entities (SPEs) and banks on the above transactions for the years ended March 31, 2013, 2012 and 2011 are as follows:

	Yen (millions)			U.S. dollars (thousands)
	2013	2012	2011	**2013**
Proceeds from new securitizations	**¥404,156**	¥383,396	¥413,959	**$4,299,532**

Quantitative information about trade receivables including securitized receivables as of March 31, 2013 and 2012 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
Trade receivables	**¥1,085,905**	¥1,039,731	**$11,552,181**
Less: Securitized receivables	**111,400**	88,995	**1,185,107**
Total receivables	**¥ 974,505**	¥ 950,736	**$10,367,074**

As of March 31, 2013 and 2012, delinquencies and credit losses of trade receivables including securitized receivables are immaterial.

(16) COMMITMENTS AND CONTINGENT LIABILITIES

At March 31, 2013, commitments outstanding for the purchase of property, plant and equipment were ¥21,263 million ($226,202 thousand).

It is common practice in Japan for companies, in the ordinary course of business, to receive promissory notes in settlement of accounts receivable and to subsequently discount such notes at banks. At March 31, 2013, certain subsidiaries were contingently liable to trade notes discounted in the amount of ¥539 million ($5,734 thousand). Certain subsidiaries account for the discounted notes as sale of receivables.

As of March 31, 2013, the Company had no significant concentrations of credit risk.

While the Company and certain of its subsidiaries are defendants and co-defendants in various lawsuits and legal actions, based upon the advice of legal counsel, the Company's management is of the opinion that damages, if any, would not have a material adverse effect on the Company's consolidated financial position and results of operations, except for the following cases.

The Company and certain of its subsidiaries move toward reconciliation with some DRAM purchasers in relation to the possibility of violation of competition law concerning DRAM sales.

In January 2007, the Company received a decision rendered by the European Commission imposing fines for an infringement of EU Competition Law in connection with its sales of certain gas-insulated switchgears in Europe. However, there was a significant inconsistency on recognition of the material underlying facts between the European Commission and the Company. Therefore, the Company appealed to the European General Court and challenged the decision. In July 2011, the Company received a judgment from the European General Court upholding the European Commission's decision on the underlying facts while annulling the fine imposed on the Company on the basis that the European Commission applied inconsistent methods of calculation to different companies.

In September 2011, since there was still a significant inconsistency on recognition of the material underlying facts between the European Commission and the Company, the Company appealed to the European Court of Justice and the case is now pending before the court of second instance.

In June 2012, the Company received the European Commission's decision presenting an amount of fine as payable by the Company after revision of the pertinent computations. In September 2012, the Company took another legal action with the European General Court seeking a revision, which would result in a downward modification of the fine, of the current computation method presented by the European Commission.

Since July 2011, the Company was subject to investigation conducted by Japan Fair Trade Commission for a suspected infringement of the Antimonopoly Act in connection with the sales of certain automotive parts in Japan. In November 2012, the Fair Trade Commission rendered a cease and desist order and surcharge payment order as a result of its investigation.

For the year ended March 31, 2013, the Company recorded an amount of ¥1,410 million ($15,000 thousand) as a various competition-law-related expenses in Costs and expenses - Other. The actual payment of the fine as referred to above was completed by the end of year ended March 31, 2013 and the Company already fulfilled its reporting obligations to the competent authority on its remediation measures implemented in conformity with the cease and desist order.

In addition, since July 2011, the Company and certain of its subsidiaries have been cooperating with Competition Law investigations and inquiries conducted by the United States Department of Justice and the European Commission regarding the sales of certain automotive parts in the United States of America and European countries.

As of March 31, 2013, the Company recorded reasonably estimated amount of ¥26,952 million($286,723 thousand) as a reserve for various competition-law-related expenses in Other fixed liabilities relating to the DRAM case in the United States of America and in Europe, the gas-insulated switchgears case in Europe, and certain automotive parts case in the United States of America. The Company is unable to estimate the impact on the Company's consolidated financial position and results of operations as to be arising out of the other legal proceedings.

The following table provides the undiscounted maximum amount of potential future payments for each major group of guarantees at March 31, 2013:

	Yen (millions)	U.S. dollars (thousands)
Guarantees of bank loan:		
Employees	¥ 5,357	$ 56,989
Affiliated and other companies	2,400	25,532
Other	6,540	69,574
Total	¥14,297	$152,095

The guarantees for the employees are principally made for their housing loans, and the term of guarantees is 1 year to 18 years. The guarantees for the affiliated and other companies are made to enhance their credit, and the term of guarantees is 1 year to 3 years.

Change in accrued product warranty for the years ended March 31, 2013 and 2012 is summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
Balance at beginning of year	**¥41,107**	¥49,392	**$437,309**
Addition	**39,935**	35,690	**424,840**
Utilization	**35,049**	43,613	**372,862**
Foreign currency translation adjustments	**927**	(362)	**9,862**
Balance at end of year	**¥46,920**	¥41,107	**$499,149**

(17) FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company uses the following methods and assumptions to estimate the fair value of each class of financial instrument for which it is practical to estimate its value:

(a) Cash and cash equivalents, Trade receivables, Bank loans, Trade payables, Accrued expenses and Other current liabilities

The carrying amount approximates fair value because of the short term nature of these instruments.

(b) Short-term investments and Investments in securities and other

The fair values of most short-term investments and investments in securities and other are estimated based on quoted market prices for these instruments. For other investments for which there are no quoted market prices, a reasonable estimate of fair value could not be made without incurring excessive costs.

(c) Long-term trade receivables

The fair value of the Company's long-term trade receivables is calculated under income approach using market interest rates, therefore, it is classified in level 2.

(d) Long-term debt

The fair value of the Company's corporate bonds is calculated under market approach using quoted published price, therefore, it is classified in level 2. The fair value of the Company's long-term debt is calculated under income approach using market interest rates, therefore, it is classified in level 2. The Company excludes the financial instruments relating to lease activities because its carrying amount approximates fair value.

(e) Derivative financial instruments

The fair values of derivative financial instruments, consisting principally of foreign exchange contracts, foreign currency swaps and interest rate swaps are estimated by obtaining quotes from brokers. (See note 14 about estimated fair value.)

The estimated fair values of the Company's financial instruments at March 31, 2013 and 2012 are summarized as follows:

	Yen (millions)				U.S. dollars (thousands)	
	2013		2012		**2013**	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Nonderivatives:						
Assets:						
Marketable securities and other	**¥161,905**	**¥161,905**	¥166,824	¥166,824	**$1,722,394**	**$1,722,394**
Long-term trade receivables	**2,521**	**2,555**	1,017	1,056	**26,819**	**27,181**
Liabilities:						
Long-term debt, including current portion	**380,348**	**381,579**	401,374	403,718	**4,046,255**	**4,059,351**

Limitations

Fair value estimates are made at a specific point in time based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

(18) FAIR VALUE MEASUREMENTS

The Company defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date". On that basis, the Company has categorized the inputs for fair value measurement by the valuation technique into a three-level hierarchy, and placed the order of priority.

Level 1 : Quoted prices in active markets for identical assets or liabilities.

Level 2 : Inputs other than quoted prices included within Level 1 that are directly or indirectly observable for the asset or liability.

Level 3 : Unobservable inputs for the asset or liability.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following tables present the fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of March 31, 2013 and 2012. The Company measures the fair value of those assets and liabilities in accordance with the requirements of FASB ASC for those assets and liabilities.

Yen (millions)

	2013			
	Level 1	Level 2	Level 3	Total
Assets:				
Equity securities				
Marketable equity securities	**¥120,887**	**¥ —**	**¥—**	**¥120,887**
Debt securities				
Government, municipal and corporate debt securities, and others	**—**	**38,824**	**—**	**38,824**
Investment trusts	**—**	**2,194**	**—**	**2,194**
Derivatives	**—**	**7,099**	**—**	**7,099**
Liabilities:				
Derivatives	**—**	**6,176**	**—**	**6,176**

Yen (millions)

	2012			
	Level 1	Level 2	Level 3	Total
Assets:				
Equity securities				
Marketable equity securities	¥119,054	¥ —	¥—	¥119,054
Debt securities				
Government, municipal and corporate debt securities, and others	—	44,288	—	44,288
Investment trusts	—	3,482	—	3,482
Derivatives	—	2,540	—	2,540
Liabilities:				
Derivatives	—	7,749	—	7,749

U.S. dollars (thousands)

	2013			
	Level 1	Level 2	Level 3	Total
Assets:				
Equity securities				
Marketable equity securities	**$1,286,032**	**$ —**	**$—**	**$1,286,032**
Debt securities				
Government, municipal and corporate debt securities, and others	**—**	**413,021**	**—**	**413,021**
Investment trusts	**—**	**23,341**	**—**	**23,341**
Derivatives	**—**	**75,521**	**—**	**75,521**
Liabilities:				
Derivatives	**—**	**65,702**	**—**	**65,702**

Level 1 equity securities are marketable equity securities, which are valued using unadjusted quoted market prices in active markets with sufficient volume and frequency of transactions. Debt securities are comprised of government, municipal and corporate debt securities and others, and investment trusts. Level 1 debt securities are valued using unadjusted quoted market prices in active markets with sufficient volume and frequency of transactions. Level 2 debt securities are valued based on market approach, using quoted prices for identical assets in markets that are not active. Level 2 derivatives are comprised principally of foreign exchange contracts, which are valued based on market approach, using quotes obtained from counterparties or third parties.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

At March 31, 2013, in accordance with the requirements of FASB ASC Topic 360 "Property, Plant and Equipment", a portion of long-lived assets were written down to their fair value of ¥4,226 million ($44,957 thousand), resulting in an impairment charge of ¥4,317 million ($45,926 thousand), which was included in loss on impairment of long-lived assets for the year ended March 31, 2013. The impaired long-lived assets are classified as Level 3 assets, because they are measured based on the unobservable inputs such as estimated future cash flows under income approach or net sale price under market approach.

At March 31, 2012, in accordance with the requirements of FASB ASC Topic 360 "Property, Plant and Equipment", a portion of long-lived assets were written down to their fair value of ¥6,423 million, resulting in an impairment charge of ¥3,782 million, which was included in loss on impairment of long-lived assets for the year ended March 31, 2012. The impaired long-lived assets are classified as Level 3 assets, because they are measured based on the unobservable inputs such as estimated future cash flows under income approach or net sale price under market approach.

The valuation process of long-lived assets is documented in "Notes to Consolidated Financial Statements (1) BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (u)Impairment of Long-Lived Assets".

(19) SUPPLEMENTARY INCOME AND EXPENSE INFORMATION

	Yen (millions)			U.S. dollars (thousands)
	2013	2012	2011	**2013**
Advertising expenses	**¥(18,029)**	¥(18,372)	¥(17,053)	**$(191,798)**
Shipping and handling costs	**(71,613)**	(73,283)	(74,782)	**(761,840)**
Exchange gains (losses)	**8,034**	(2,000)	(10,174)	**85,468**
Business restructuring costs	**—**	—	(2,501)	**—**
Loss on disaster	**—**	—	(5,456)	**—**
Refund payment for overcharged expenses	**(75,717)**	—	—	**(805,500)**
Loss on impairment of long-lived assets	**(4,317)**	(3,782)	(4,005)	**(45,926)**

Advertising expenses are included in "Costs and expenses—Selling, general and administrative".

Shipping and handling costs represents the costs included in "Costs and expenses—Selling, general and administrative".

Exchange gains (losses) are included in "Revenues—Other" and "Costs and expenses—Other".

Business restructuring costs are included in "Costs and expenses—Other".

For the year ended March 31, 2011, the Company recognized business restructuring costs of ¥2,501 million for the after-sale service expense and retirement benefits and others associated with the restructuring of the visual equipment businesses in North America.

Loss on disaster is included in "Costs and expenses—Other".

For the year ended March 31, 2011, the Company recognized disaster losses of ¥5,456 million for the repair and removal of facilities, the disposal and inspection of inventories and restoration support for counterparties which is suffered from an earthquake associated with the recovery from damage suffered from the Great East Japan Earthquake.

Refund payment for overcharged expenses is included in "Costs and expenses—Other".

For the electronic systems business, it was revealed in January 2012 that the Company had been billing improperly overcharged project costs by transferring man-hours among different contracts which the Company entered into with the Japanese Ministry of Defense (MOD), Cabinet Satellite Intelligence Center, Japan Aerospace Exploration Agency, and National Institute of Information and Communications Technology. Also, similar incidents were identified concerning contracts between four of the Company's affiliates and MOD. Consequently, since January 2012, the Company and the aforementioned affiliates were suspended by those entities from nomination or participation in further bidding. As a result of investigation conducted by the entities, for the year ended March 31, 2013, the Company recorded a total of ¥75,717 million ($805,500 thousand) as a refund payment for overcharged expenses in Costs and expenses—Other that covers the refund of overcharged expenses, related penalties and interest arising from the series of incidents referred to herein. The reimbursement was already completed to each entity by the end of the year ended March 31, 2013 and, as of the date of respective payments, the suspension from nomination or participation in further bidding with each entity was already lifted.

Loss on impairment of long-lived assets is included in "Costs and expenses—Loss on impairment of long-lived assets".

For the year ended March 31, 2013, the Company and certain of its subsidiaries recognized impairment losses of

¥4,014 million ($42,702 thousand) for tangible assets such as buildings and machinery as well as ¥303 million ($3,224 thousand) for intangible assets. The impairment losses included ¥2,404 million ($25,575 thousand) for the Electronic Devices business related assets and ¥1,212 million ($12,894 thousand) for the Home Appliances business related assets due to a decline in the profitability. The impairment losses were mainly measured based on the fair value of the discounted present value of expected future cash flow.

For the year ended March 31, 2012, the Company and certain of its subsidiaries recognized impairment losses of ¥3,367 million for tangible assets such as buildings and machinery as well as ¥415 million for intangible assets. The impairment losses included ¥2,429 million for the Electronic Devices business related assets and ¥1,110 million for the Home Appliances business related assets due to a decline in the profitability. The impairment losses were mainly measured based on the fair value less cost to sell.

For the year ended March 31, 2011, the Company and certain of its subsidiaries recognized impairment losses of ¥3,538 million for tangible assets such as buildings and machinery as well as ¥467 million for intangible assets. The impairment losses included ¥1,879 million for the Home Appliances business related assets due to a decline in the profitability and ¥1,908 million for the welfare related assets. The impairment losses were mainly measured based on the fair value less cost to sell.

(20) LEASES

The Company and certain of its subsidiaries enter into capital lease and operating lease agreements with Mitsubishi Electric Credit Corporation, an equity method investee. The leased assets, which are committed under capital lease agreements, are capitalized.

The Company and certain of its subsidiaries lease machinery and equipments. At March 31, 2013, the aggregated cost and accumulated depreciation of leased assets under capital leases amounted to ¥45,152 million ($480,340 thousand) and ¥22,736 million ($241,872 thousand), respectively.

Future minimum lease payments under capital and non-cancelable operating leases as of March 31, 2013 are as follows:

	Yen (millions)		U.S. dollars (thousands)	
	Capital leases	Operating leases	Capital leases	Operating leases
Year ending March 31:				
2014	¥10,595	¥ 4,452	$112,713	$ 47,362
2015	8,474	3,404	90,149	36,213
2016	5,626	2,231	59,851	23,734
2017	2,913	1,309	30,989	13,926
2018	897	799	9,543	8,500
Thereafter	64	644	681	6,851
Total minimum lease payments	28,569	¥12,839	303,926	$136,586
Less: Estimated executory costs	87		926	
Net minimum lease payments	28,482		303,000	
Less: Amount representing interest	95		1,011	
Present value of net minimum capital lease payments	28,387		301,989	
Less: Current portion of obligations under capital leases	10,476		111,447	
Obligations under capital leases, excluding current portion	¥17,911		$190,542	

Rental expenses related to operating leases for the years ended March 31, 2013, 2012 and 2011 amounted to ¥42,587 million ($453,053 thousand), ¥42,076 million and ¥41,007 million, respectively. These operating leases are for office space, warehouses, employee facilities and computer equipment, and are customarily renewed.

(21) SUPPLEMENTARY CASH FLOW INFORMATION

	Yen (millions)			U.S. dollars (thousands)
	2013	2012	2011	**2013**
Cash paid during the year for:				
Interest	**¥ 6,425**	¥ 6,413	¥ 7,722	**$ 68,351**
Income taxes	**41,022**	65,901	34,166	**436,404**

(22) SEGMENT INFORMATION

Operating segment presented below is identified based on the segments for which separate financial information is available, and is periodically used for decision of business resources allocation and evaluation of business operation by the Company's management.

The Company conducts business through 6 reportable business segments, Energy and Electric Systems, Industrial Automation Systems, Information and Communication Systems, Electronic Devices, Home Appliances, and Others, based on types and characteristics of products, production method, and similarity in market.

Principal businesses of each segment are as follows:

Energy and Electric Systems	Turbine generators, hydraulic turbine generators, nuclear power plant equipment, motors, transformers, power electronics equipment, circuit breakers, gas insulated switches, switch control devices, surveillance-system control and security systems, large display devices, electrical equipment for locomotives and rolling stock, elevators, escalators, building security systems, building management systems, particle beam treatment systems, and others
Industrial Automation Systems	Programmable logic controllers, inverters, servomotors, human-machine interface, motors, hoists, magnetic switches, no-fuse circuit breakers, short-circuit breakers, transformers for electricity distribution, time and power meters, uninterruptible power supply, industrial fans, computerized numerical controllers, electrical-discharge machines, laser processing machines, industrial robots, clutches, automotive electrical equipment, car electronics and car mechatronics, car multimedia, and others
Information and Communication Systems	Wireless and wired communications systems, surveillance cameras, satellite communications equipment, satellites, radar equipment, antennas, missile systems, fire control systems, broadcasting equipment, data transmission devices, network security systems, information systems equipment, systems integration, and others
Electronic Devices	Power modules, high-frequency devices, optical devices, LCD devices, microcomputers, system LSIs, and others
Home Appliances	LCD televisions, projection TVs, display monitors, projectors, blu-ray disc recorders, room air conditioners, package air conditioners, air-to-water heat pump boilers, refrigerators, electric fans, ventilators, photovoltaic power generation systems, hot water supply systems, LED lamps, fluorescent lamps, indoor lighting, compressors, chillers, dehumidifiers, air purifiers, showcases, cleaners, rice cookers, microwave ovens, IH cooking heaters, and others
Others	Procurement, logistics, real estate, advertising, finance and other services

Intersegment transactions are conducted generally at the price that the Company's management recognizes as approximate arm's length price. Operating income (loss) in Segment Information is measured in a manner consistent with consolidated operating income.

Segment Information

Segment information in the years ended March 31, 2013, 2012 and 2011 are as follows:

As of and for the year ended March 31, 2013 Yen (millions)

	Energy and Electric Systems	Industrial Automation Systems	Information and Communication Systems	Electronic Devices	Home Appliances	Others	Subtotal	Eliminations and other	Total
I Net sales and operating income									
Sales:									
(1) External customers	¥1,049,982	¥918,123	¥491,792	¥142,961	¥799,817	¥164,509	¥3,567,184	¥ —	¥3,567,184
(2) Intersegment	8,195	9,734	30,630	21,104	21,481	425,857	517,001	(517,001)	—
Net sales	1,058,177	927,857	522,422	164,065	821,298	590,366	4,084,185	(517,001)	3,567,184
Operating costs	973,037	867,265	520,831	169,645	801,998	571,576	3,904,352	(489,263)	3,415,089
Operating income (loss)	¥ 85,140	¥ 60,592	¥ 1,591	¥ (5,580)	¥ 19,300	¥ 18,790	¥ 179,833	¥ (27,738)	¥ 152,095
II Assets, depreciation and amortization, loss on impairment of long-lived assets, and capital expenditures									
Assets	¥1,134,443	¥863,477	¥486,183	¥132,793	¥668,313	¥213,989	¥3,499,198	¥ (88,788)	¥3,410,410
Depreciation and amortization	26,274	46,477	24,769	11,573	25,821	6,393	141,307	—	141,307
Loss on impairment of long-lived assets	143	—	—	2,404	1,212	558	4,317	—	4,317
Capital expenditures	39,449	55,824	19,706	13,732	27,869	6,913	163,493	—	163,493

As of and for the year ended March 31, 2012 — Yen (millions)

	Energy and Electric Systems	Industrial Automation Systems	Information and Communication Systems	Electronic Devices	Home Appliances	Others	Subtotal	Eliminations and other	Total
I Net sales and operating income									
Sales:									
(1) External customers	¥1,018,949	¥967,779	¥489,824	¥170,412	¥821,270	¥171,234	¥3,639,468	¥ —	¥3,639,468
(2) Intersegment	8,166	10,601	26,530	30,387	28,004	440,385	544,073	(544,073)	—
Net sales	1,027,115	978,380	516,354	200,799	849,274	611,619	4,183,541	(544,073)	3,639,468
Operating costs	942,195	877,188	495,042	197,214	826,916	591,271	3,929,826	(515,802)	3,414,024
Operating income	¥ 84,920	¥101,192	¥ 21,312	¥ 3,585	¥ 22,358	¥ 20,348	¥ 253,715	¥ (28,271)	¥ 225,444
II Assets, depreciation and amortization, loss on impairment of long-lived assets, and capital expenditures									
Assets	¥1,064,369	¥855,710	¥477,646	¥147,926	¥636,835	¥191,056	¥3,373,542	¥ 18,109	¥3,391,651
Depreciation and amortization	24,365	43,380	29,036	11,207	26,678	5,480	140,146	—	140,146
Loss on impairment of long-lived assets	—	—	—	2,429	1,110	243	3,782	—	3,782
Capital expenditures	30,269	56,487	22,116	21,424	35,160	5,620	171,076	—	171,076

As of and for the year ended March 31, 2011 — Yen (millions)

	Energy and Electric Systems	Industrial Automation Systems	Information and Communication Systems	Electronic Devices	Home Appliances	Others	Subtotal	Eliminations and other	Total
I Net sales and operating income									
Sales:									
(1) External customers	¥1,019,270	¥921,667	¥465,688	¥149,623	¥911,788	¥177,295	¥3,645,331	¥ —	¥3,645,331
(2) Intersegment	8,479	5,335	22,227	26,287	12,690	432,121	507,139	(507,139)	—
Net sales	1,027,749	927,002	487,915	175,910	924,478	609,416	4,152,470	(507,139)	3,645,331
Operating costs	944,694	826,913	474,172	170,009	882,470	594,941	3,893,199	(481,629)	3,411,570
Operating income	¥ 83,055	¥100,089	¥ 13,743	¥ 5,901	¥ 42,008	¥ 14,475	¥ 259,271	¥ (25,510)	¥ 233,761
II Assets, depreciation and amortization, loss on impairment of long-lived assets, and capital expenditures									
Assets	¥1,030,968	¥806,494	¥369,813	¥139,333	¥695,730	¥164,719	¥3,207,057	¥ 125,622	¥3,332,679
Depreciation and amortization	21,076	40,193	16,123	10,414	25,280	5,616	118,702	—	118,702
Loss on impairment of long-lived assets	—	—	42	—	1,879	2,084	4,005	—	4,005
Capital expenditures	22,582	35,989	12,123	15,130	29,139	3,323	118,286	—	118,286

As of and for the year ended March 31, 2013 — U.S. dollars (thousands)

	Energy and Electric Systems	Industrial Automation Systems	Information and Communication Systems	Electronic Devices	Home Appliances	Others	Subtotal	Eliminations and other	Total
I Net sales and operating income									
Sales:									
(1) External customers	**$11,170,021**	**$9,767,266**	**$5,231,830**	**$1,520,861**	**$8,508,692**	**$1,750,096**	**$37,948,766**	**$ —**	**$37,948,766**
(2) Intersegment	**87,181**	**103,553**	**325,851**	**224,511**	**228,521**	**4,530,394**	**5,500,011**	**(5,500,011)**	**—**
Net sales	**11,257,202**	**9,870,819**	**5,557,681**	**1,745,372**	**8,737,213**	**6,280,490**	**43,448,777**	**(5,500,011)**	**37,948,766**
Operating costs	**10,351,457**	**9,226,223**	**5,540,756**	**1,804,734**	**8,531,894**	**6,080,596**	**41,535,660**	**(5,204,926)**	**36,330,734**
Operating income (loss)	**$ 905,745**	**$ 644,596**	**$ 16,925**	**$ (59,362)**	**$ 205,319**	**$ 199,894**	**$ 1,913,117**	**$ (295,085)**	**$ 1,618,032**
II Assets, depreciation and amortization, loss on impairment of long-lived assets, and capital expenditures									
Assets	**$12,068,543**	**$9,185,925**	**$5,172,160**	**$1,412,691**	**$7,109,713**	**$2,276,479**	**$37,225,511**	**$ (944,554)**	**$36,280,957**
Depreciation and amortization	**279,511**	**494,436**	**263,500**	**123,116**	**274,691**	**68,011**	**1,503,265**	**—**	**1,503,265**
Loss on impairment of long-lived assets	**1,521**	**—**	**—**	**25,575**	**12,894**	**5,936**	**45,926**	**—**	**45,926**
Capital expenditures	**419,670**	**593,872**	**209,638**	**146,085**	**296,479**	**73,543**	**1,739,287**	**—**	**1,739,287**

Notes: 1 The amount of unallocatable R&D expenditure included in "Eliminations and other" on "Operating costs" for the years ended March 31, 2013, 2012 and 2011 are ¥27,738 million ($295,085 thousand), ¥28,271 million and ¥25,510 million, respectively.

2 The amount of company-wide shared assets included in "Eliminations and other" on "Assets" for the years ended March 31, 2013, 2012 and 2011 are ¥126,212 million ($1,342,681 thousand), ¥211,012 million and ¥267,159 million, respectively, and those amounts are mainly the Company's deposit in bank.

Geographical Information

Sales to external customers by the location of customers, and long-lived assets by the location of the Company and its subsidiaries as of and for the years ended March 31, 2013, 2012 and 2011 are as follows:

As of and for the year ended March 31, 2013 — Yen (millions)

	Japan	Overseas: North America	Overseas: Asia (excluding Japan)	Overseas: Europe	Overseas: Others	Overseas total	Consolidated total
Sales to external customers	**¥2,335,713**	**¥262,706**	**¥604,335**	**¥280,126**	**¥84,304**	**¥1,231,471**	**¥3,567,184**
% of total net sales	**65.5%**	**7.4%**	**16.9%**	**7.8%**	**2.4%**	**34.5%**	**100.0%**
Long-lived assets	**516,568**	**27,663**	**90,798**	**14,160**	**2,692**	**135,313**	**651,881**

As of and for the year ended March 31, 2012 — Yen (millions)

	Japan	Overseas: North America	Overseas: Asia (excluding Japan)	Overseas: Europe	Overseas: Others	Overseas total	Consolidated total
Sales to external customers	¥2,419,275	¥239,566	¥590,890	¥304,233	¥85,504	¥1,220,193	¥3,639,468
% of total net sales	66.5%	6.6%	16.2%	8.4%	2.3%	33.5%	100.0%
Long-lived assets	505,529	12,550	66,488	13,127	2,235	94,400	599,929

As of and for the year ended March 31, 2011 — Yen (millions)

	Japan	Overseas: North America	Overseas: Asia (excluding Japan)	Overseas: Europe	Overseas: Others	Overseas total	Consolidated total
Sales to external customers	¥2,416,090	¥251,071	¥603,261	¥289,440	¥85,469	¥1,229,241	¥3,645,331
% of total net sales	66.3%	6.9%	16.6%	7.9%	2.3%	33.7%	100.0%
Long-lived assets	488,524	8,055	57,465	13,481	2,154	81,155	569,679

As of and for the year ended March 31, 2013 — U.S. dollars (thousands)

	Japan	Overseas: North America	Overseas: Asia (excluding Japan)	Overseas: Europe	Overseas: Others	Overseas total	Consolidated total
Sales to external customers	**$24,848,011**	**$2,794,744**	**$6,429,096**	**$2,980,064**	**$896,851**	**$13,100,755**	**$37,948,766**
% of total net sales	**65.5%**	**7.4%**	**16.9%**	**7.8%**	**2.4%**	**34.5%**	**100.0%**
Long-lived assets	**5,495,404**	**294,287**	**965,936**	**150,639**	**28,638**	**1,439,500**	**6,934,904**

Notes: The major countries and regions included in each segments are as follows:
(1) North America : United States, and Canada
(2) Asia (excluding Japan) : China, South Korea, Thailand, Malaysia, Singapore, and Indonesia
(3) Europe : United Kingdom, France, Germany, the Netherlands, Spain, and Italy

In addition to the disclosure requirement of FASB ASC Topic 280 "Segment Reporting", the Company discloses the following information as supplement.

Geographical Information Based on the Location of the Company and Its Subsidiaries

As of and for the year ended March 31, 2013 — Yen (millions)

	Japan	North America	Asia (excluding Japan)	Europe	Others	Subtotal	Eliminations	Total
I Net sales and operating income								
Sales:								
(1) External customers	**¥2,561,242**	**¥233,548**	**¥450,791**	**¥281,400**	**¥40,203**	**¥3,567,184**	**¥ —**	**¥3,567,184**
(2) Intersegment	**502,772**	**14,557**	**173,933**	**8,533**	**52**	**699,847**	**(699,847)**	**—**
Net sales	**3,064,014**	**248,105**	**624,724**	**289,933**	**40,255**	**4,267,031**	**(699,847)**	**3,567,184**
Operating costs	**2,947,091**	**249,849**	**588,552**	**285,406**	**38,046**	**4,108,944**	**(693,855)**	**3,415,089**
Operating income (loss)	**¥ 116,923**	**¥ (1,744)**	**¥ 36,172**	**¥ 4,527**	**¥ 2,209**	**¥ 158,087**	**¥ (5,992)**	**¥ 152,095**
II Assets	**¥2,594,608**	**¥210,356**	**¥559,138**	**¥184,872**	**¥34,043**	**¥3,583,017**	**¥(172,607)**	**¥3,410,410**

As of and for the year ended March 31, 2012 — Yen (millions)

	Japan	North America	Asia (excluding Japan)	Europe	Others	Subtotal	Eliminations	Total
I Net sales and operating income								
Sales:								
(1) External customers	¥2,675,473	¥206,359	¥416,574	¥300,891	¥40,171	¥3,639,468	¥ —	¥3,639,468
(2) Intersegment	511,246	16,184	166,314	9,106	13	702,863	(702,863)	—
Net sales	3,186,719	222,543	582,888	309,997	40,184	4,342,331	(702,863)	3,639,468
Operating costs	3,007,267	219,204	548,668	303,678	36,279	4,115,096	(701,072)	3,414,024
Operating income	¥ 179,452	¥ 3,339	¥ 34,220	¥ 6,319	¥ 3,905	¥ 227,235	¥ (1,791)	¥ 225,444
II Assets	¥2,594,841	¥177,694	¥448,911	¥169,676	¥28,783	¥3,419,905	¥ (28,254)	¥3,391,651

As of and for the year ended March 31, 2011 — Yen (millions)

	Japan	North America	Asia (excluding Japan)	Europe	Others	Subtotal	Eliminations	Total
I Net sales and operating income								
Sales:								
(1) External customers	¥2,685,219	¥216,536	¥419,557	¥285,862	¥38,157	¥3,645,331	¥ —	¥3,645,331
(2) Intersegment	491,386	13,422	164,270	8,090	43	677,211	(677,211)	—
Net sales	3,176,605	229,958	583,827	293,952	38,200	4,322,542	(677,211)	3,645,331
Operating costs	2,999,251	228,595	540,093	286,122	33,871	4,087,932	(676,362)	3,411,570
Operating income	¥ 177,354	¥ 1,363	¥ 43,734	¥ 7,830	¥ 4,329	¥ 234,610	¥ (849)	¥ 233,761
II Assets	¥2,552,679	¥155,972	¥430,965	¥183,427	¥26,958	¥3,350,001	¥ (17,322)	¥3,332,679

As of and for the year ended March 31, 2013 — U.S. dollars (thousands)

	Japan	North America	Asia (excluding Japan)	Europe	Others	Subtotal	Eliminations	Total
I Net sales and operating income								
Sales:								
(1) External customers	**$27,247,256**	**$2,484,553**	**$4,795,649**	**$2,993,617**	**$427,691**	**$37,948,766**	**$ —**	**$37,948,766**
(2) Intersegment	**5,348,638**	**154,862**	**1,850,351**	**90,777**	**553**	**7,445,181**	**(7,445,181)**	**—**
Net sales	**32,595,894**	**2,639,415**	**6,646,000**	**3,084,394**	**428,244**	**45,393,947**	**(7,445,181)**	**37,948,766**
Operating costs	**31,352,032**	**2,657,968**	**6,261,192**	**3,036,234**	**404,744**	**43,712,170**	**(7,381,436)**	**36,330,734**
Operating income (loss)	**$ 1,243,862**	**$ (18,553)**	**$ 384,808**	**$ 48,160**	**$ 23,500**	**$ 1,681,777**	**$ (63,745)**	**$ 1,618,032**
II Assets	**$27,602,213**	**$2,237,830**	**$5,948,277**	**$1,966,723**	**$362,159**	**$38,117,202**	**$(1,836,245)**	**$36,280,957**

Notes: 1 The Company has identified 5 location segments based on geographical proximity, similarity in market, and interconnectedness within business activities.
2 The major countries and regions included in each segments are as follows:
(1) North America : United States, and Canada
(2) Asia (excluding Japan) : China, South Korea, Thailand, Malaysia, Singapore, and Indonesia
(3) Europe : United Kingdom, France, Germany, the Netherlands, Spain, and Italy
3 The amount of company-wide shared assets included in "Eliminations and other" on "Assets" for the years ended March 31, 2013, 2012 and 2011 is ¥126,212 million ($1,342,681 thousand), ¥211,012 million and ¥267,159 million, respectively, and those amounts are mainly the Company's deposit in bank.

(23) SUBSEQUENT EVENT

On June 27, 2013, the date the consolidated financial statements were issued, there are no incidence of subsequent events that would give material effects on the Company's consolidated financial position and results of operations.

KPMG

Independent Auditors' Report

The Board of Directors
Mitsubishi Electric Corporation:

We have audited the accompanying consolidated financial statements of Mitsubishi Electric Corporation and its subsidiaries, which comprise the consolidated balance sheets as of March 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, equity, and cash flows for each of the years in the three-year period ended March 31, 2013, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly in all material respects, the financial position of Mitsubishi Electric Corporation and its subsidiaries as of March 31, 2013 and 2012, and the results of their operations and their cash flows for each of the years in the three-year period ended March 31, 2013, in accordance with U.S. generally accepted accounting principles.

Kpmg Azsa LLC

Tokyo, Japan
June 27, 2013

Corporate Data / Shareholder Information (As of March 31, 2013)

Corporate Data

Mitsubishi Electric Corporation

Tokyo Building, 2-7-3, Marunouchi,
Chiyoda-ku, Tokyo 100-8310, Japan
Tel: +81(3)3218-2111

Established: January 15, 1921
Paid-in Capital: ¥175,820 million
Shares issued: 2,147,201,551 shares
Employees: 120,958

Annual Meeting

The annual meeting of shareholders of the Corporation is regularly held in June each year. Additionally, special meeting of shareholders may be held as necessary.

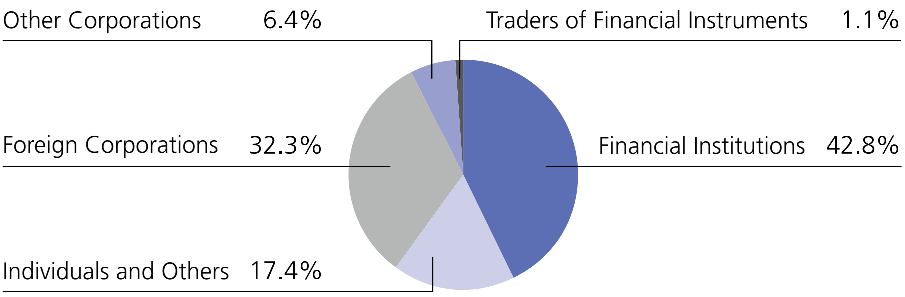
Stock Exchange Listings

Japan: Tokyo
Europe: London

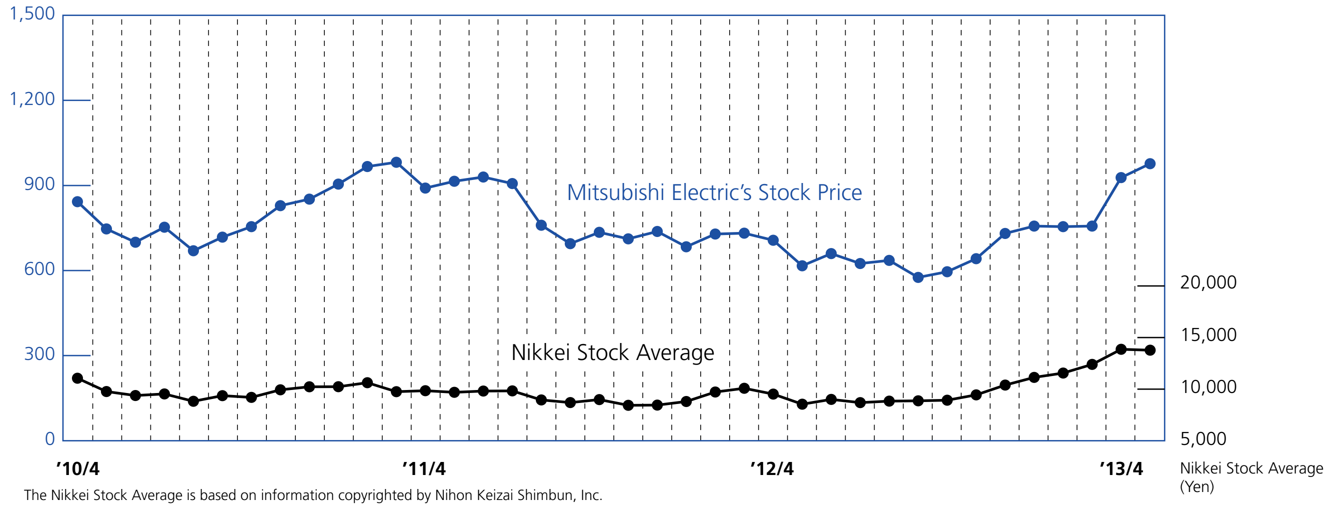
Major Shareholders

	Number of Shares (thousands)	Percentage of Total
The Master Trust Bank of Japan, Ltd. (Trust Account)	160,862	7.5%
State Street Bank and Trust Company	117,118	5.5%
Japan Trustee Services Bank, Ltd. (Trust Account)	102,394	4.8%
Meiji Yasuda Life Insurance Company	81,862	3.8%
Nippon Life Insurance Company	72,439	3.4%
Mitsubishi Electric Group Employees Shareholding Union	52,391	2.4%
SSBT OD05 OMNIBUS ACCOUNT-TREATY CLIENTS	48,014	2.2%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	36,822	1.7%
Japan Trustee Services Bank, Ltd. (Trust Account 4)	33,178	1.5%
The Chase Manhattan Bank, N.A. London S.L. Omnibus Account	32,387	1.5%

Distribution of Shareholders



Stock Price (Yen)



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MITSUBISHI ELECTRIC CORPORATION

http://www.MitsubishiElectric.com

eco Changes for a greener tomorrow

Eco Changes is the Mitsubishi Electric Group's environmental statement, and expresses the Group's stance on environmental management. Through a wide range of businesses, we are helping contribute to the realization of a sustainable society.

Please address inquiries for further information to:
Mitsubishi Electric Corporation, Corporate Finance Div.
Tokyo Building, 2-7-3, Marunouchi, Chiyoda-ku, Tokyo 100-8310, Japan
Phone: 81-3-3218-2391

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